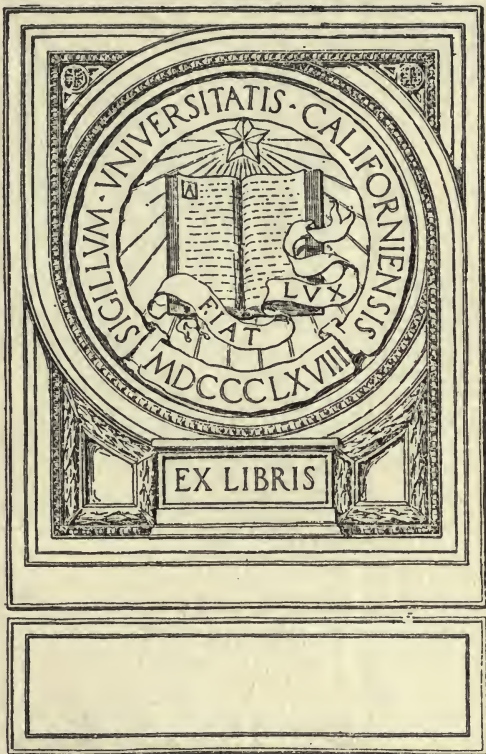


BUSINESS ORGANISATION

H. E. MORGAN

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BUSINESS ORGANISATION



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BUSINESS ORGANISATION

BY

H. E. MORGAN

AUTHOR OF "THE DIGNITY OF BUSINESS"
"THE MUNITIONS OF PEACE"



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AUTHOR'S NOTE

A GLANCE at the Contents page of this volume will show that it is composed of a series of short essays or articles covering a very wide field.

They are addressed to the manufacturer, the merchant and the shopkeeper, as well as to members of the general public who realise the importance of business efficiency to the nation. It is obvious that such subjects as "Employers and Research," "Limitations of Production," or "Modern Retail Service," cannot be treated exhaustively within these limits; but both the business man and the general reader are apt, I think rightly, to be impatient of a long and formal treatise on theories of commerce. What I have aimed at is to provide "pointers," dealing with practical business questions from a business man's point of view, which will encourage the reader to think out further developments for himself.

Some of these articles have appeared at various times in the "Business and Organisation" Columns of the *Daily Telegraph*, and are reproduced by courtesy of the proprietors of that journal. The interest which they

excited both at home and abroad, as witnessed by many letters received from representative business men, led me to believe that their collection in a more permanent form might serve a useful purpose, especially as the subjects with which they deal are of permanent interest and will be particularly important during the period of reconstruction which must follow the war. They have been revised, and in part re-written, re-arranged and combined with a considerable amount of new matter, so as to form a connected survey of business problems both on the manufacturing and the distributive side, with special reference to the new factors introduced by the war.

Whatever may be the economic policy of this country in the future, it is on the skill, initiative and organising capacity of British business men that our national prosperity will ultimately depend. The manufacturer, the merchant and the shopkeeper are all playing an essential part in the development of our national life. It is in the hope that the points here discussed may be of some service to them in their Task, and may assist the public generally to realise its nature and the way in which they too can co-operate, that this book is published.

H. E. MORGAN.

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BUSINESS ORGANISATION

INTRODUCTION

BUSINESS AND THE WAR

FOR two years the attention of the whole country has been fixed upon the progress of the greatest conflict in history. We have all felt that everything which might divert our energies from the actual conduct of the war must stand on one side, and that even questions of great importance must wait for consideration until the close of the struggle, if they were not directly related to the one supreme object.

But the war itself has compelled us to realise more fully than ever before the part played by trade and industry in our national life. Factories and finance have proved themselves to be military factors as important as armies and Dreadnoughts. The unprecedented demand for ammunition and equipment has taught us the immense value even for war purposes of

our manufacturing capacity and our industrial organisation. The gigantic burden of war expenditure has brought home to the most indifferent how important an element of our national strength is the trade from which our wealth is derived. It is not through any indifference to the overwhelming interest of the struggle, but in strict accordance with its developments that these same two years have seen an increasing emphasis laid upon the importance of industrial efficiency and business organisation.

We have to remember also, that the years which follow the war will be years of strenuous effort. To make good the drain upon our resources, to support the burden of war taxation, to resume and maintain our position in the foreign markets, will tax our powers to the uttermost. Whatever developments international trade may take after the war, it is certain that we shall be faced by very keen competition. It is not only a question of Germany. America and other neutral states have found a rare opportunity in the limitation of our energies by the necessities of the war. We shall have to struggle hard to get back the trade which has temporarily passed to others. But in order to sustain the burden of our war debts and avoid the danger of industrial

troubles following on the European conflict, we shall need not merely to regain our old position but, if possible, to improve it.

The return from war to peace conditions will in itself involve many difficulties and dangers which we must recognise clearly in order that we may surmount them. The problem of demobilisation alone is a gigantic one. Some millions of men who have joined the colours will have to be reabsorbed into the labour market. Some of them will come back to places which have been kept open for them; others, probably the great majority, will have to look for new sources of employment. Thousands of munition workers will be seeking to return to their old jobs. The problem will be complicated by the presence of a great number of new workers, especially women, who have gone into offices, shops, and factories to take the place of absent men. The readjustment of working conditions, the use to be made of the new plant erected for war purposes, the direction of trade into new channels—all these and many other questions arising out of the dislocation caused by the war, will require careful and skilful handling.

It will not do to put off consideration of these things until the new developments are actually upon us. The change from peace to

war found us in many ways unprepared, and we have suffered heavily for our unpreparedness. We must see to it that the change from war to peace finds us ready. But if we are to be ready we must not allow the essentials of our business policy to be overlooked even amidst the stress of the conflict.

While the war has introduced new complications into our business life, it has at the same time acted as a stimulus to invention and effort. The necessity for adapting ourselves to new and unforeseen conditions has had the effect of breaking up many old traditions and prejudices. The sudden strain put upon certain of our industries, and the depletion of office and works' staffs by military requirements, has led to the tapping of new labour resources and to the introduction of many improvements both in plant and machinery and in our working methods. There has been a general process of "speeding-up" which has taught us many new ways of increasing output and avoiding waste of time and labour. Even from our enemies themselves we have received a useful impetus towards greater efficiency. The exertions of which they have proved themselves capable in the production of war material, and the certainty that the same energy and power of organisation will be applied after the war to an attempt

to regain their place in the world markets, have directed close attention to their business methods. In these methods there is much that we have no wish to copy ; but their more legitimate achievements in the matters of technical education, of scientific research and business organisation, will unquestionably act as a spur to greater efforts on our part than we have previously made on these lines.

Indeed, the greatest lesson which we have learnt from the war is the importance of organisation. It is the wonderful "State machine," the power of a people highly organised throughout for certain definite ends, by which alone Germany has been able to prolong the struggle. It has been by the organisation of the Allies' latent resources that the machine has at last been overthrown.

It is quite true that discipline and organisation on the German model are associated with many evils, with a grossly material civilisation, a blind worship of force, and the loss both of individual liberty and personal initiative. But this does not prove that organisation itself is an evil, only that it is fatal to erect it into an idol. The man must be master of the machine.

The British trader is proud, and is rightly proud, of his sturdy independence, his readiness to accept risks, his reputation for straight deal-

ing and honest workmanship. To exchange these qualities for any system of organisation, however complete, would be a disastrous bargain. Yet we can hardly rest content with our old attitude of *laissez-faire*. While our persistence and powers of recuperation may enable us to outlast our rivals, the policy of "muddling through" is a wasteful one in peace as in war. We can see now the advantages which the Germans have derived from the assistance given to commerce by the State, from their excellent consular and commercial intelligence system, their scientific education and their big trade combinations.

The task before us is to adapt to our own uses what is good in German methods without detriment to our own qualities. We do not want the British trader to lean on the State for support; we do not want politics and trade to go hand in hand as they do in Germany. But we are entitled to ask for greater consideration for business interests in matters of education, the encouragement of research, and the collection and dissemination of commercial intelligence. We do not want to back applications for contracts with diplomatic pressure; but we do want closer co-operation between our consular offices and our merchants abroad. We do not want the evils of the Trust and Bounty Systems

to be introduced into this country ; but it is clear that there is room for a much greater development by our traders of the policy of sinking individual rivalries for co-operation in the pursuit of common ends, whether to obtain greater efficiency in production or for the cultivation of foreign markets.

The close of the war gives us a great opportunity to put our house in order in these respects. It has shaken the most apathetic into an appreciation of realities. It has accustomed the most conservative to the contemplation of drastic changes. It has produced striking experiments in State control and State aid. Above all, it has given us a new sense of national unity and national needs.

In the foreign markets it has given us the advantage of eliminating for two years or more one of our principal rivals ; and the disgust caused by German non-respect for neutral rights will also, in many cases, operate in our favour.

In order to take advantage of this opportunity it is necessary that we should, as a nation, think out for ourselves as clearly as possible the principles of our trade policy and the essentials of business success. And in doing this, there are two great and common errors which we must be careful to avoid. It is very easy, in

discussing a single great commercial question such as that of Protection or Free Trade, to forget the importance of what may seem to be uninteresting details, such as the waste of time and energy which arises from the use of out-of-date premises or adherence to an unsystematic routine. Yet the increase in national efficiency which would come from an all-round improvement in these respects would be surprising. We must not neglect the big schemes ; but if every manufacturer, trader, and shop-keeper were to set to work to cut out all waste of labour and material and bring the equipment and organisation of his establishment up to the level of the best existing examples, we should add a big percentage to the national output. Again it is easy to concentrate on one side only of the business process and to forget that the making of an article, its transport to the centre of distribution, and the sale to the customer are all really parts of the same transaction. Lavish display of plate glass and striking advertisements will not sell an article if it is not well designed and well made. On the other hand, it is of little use to produce unless you can bring the product to the notice of a buyer and persuade him of its value.

It is in the hope that it may contribute to this process of thinking out the problems of

business organisation that the present volume has been written. Its first section deals with general questions of national organisation, the rôle of the State and of big business combinations, the linking up of science and industry, and the business side of education.

The second section deals with the industrial or manufacturing side of business, the conditions which are likely to obtain after the war, the relations of employers and employed, and some examples of the manner in which industries which have been lost to this country in the past may be regained.

The third section deals with office organisation, the improvement of equipment and staffs, the problems of demobilisation, and some general questions of business policy.

The fourth section deals with the art of selling, the cultivation of foreign markets, publicity, salesmanship, and the methods of retail trade.

In each section the first article forms an introduction sketching the general lines on which the particular phase of business treated in the section must be approached, and showing the relation of the various separate points dealt with in subsequent articles to the question as a whole.

PART I
NATIONAL ORGANISATION

I

THE BUSINESS COMMUNITY

IF we ask ourselves what is the most remarkable effect of the war upon our outlook and habits of thought, we shall probably find that it consists in our deepened consciousness of corporate life. It has been brought home to us very forcibly that we are members of a community, suffering when the community suffers and contributing to its prosperity by every bit of honest work which we do in our respective jobs. In other words, the war has deepened our sense of social responsibility. It has also taught us that in order to obtain the best results for the community as a whole, the work of the individuals who compose it must be so directed and co-ordinated that there may be no duplication of effort or dispersal of energy. The team must learn to pull together or the individual abilities of its members will not save it from defeat.

One of the greatest needs of the future is that we should carry this principle into our

business life much more thoroughly than we have done in the past. Napoleon's description of the British as "a nation of shopkeepers" was grossly unjust if it was intended to imply that our outlook was limited to trade considerations, or that we could be swayed only by mercenary motives. But it is a simple fact that a country whose people depend upon a world-wide commerce for the very necessities of life must be fundamentally a business community. Our national ambitions and interests embrace a great deal besides business; but it is altogether a false standard of values which prevents any of us from recognising that our status as a business community is an essential and honourable part of our national life.

In the past this sense of corporate life has been too much lacking in our business outlook. We have been too much accustomed to look on each man's business as a purely personal affair, and to consider matters of trade and industry as rather beneath the attention of those who direct our corporate action.

We may hope that the war will have brought about a change in this respect. It has demonstrated clearly the enormous importance of maintaining our commercial and financial stability, and it has illustrated unmistakably the advantages of co-operation and organised effort.

The object of this section of the present volume is to consider the nation as a Business Community in some of its more important aspects, and to suggest various ways in which our commercial efficiency can be promoted by combined and organised action.

Articles Nos. 2 to 6 deal with the rôle of the State and with the means by which the State can co-operate with the individual trader. It is too often assumed that the encouragement of trade by the State is purely a matter of its fiscal policy. The question of Protection, or Free Trade, is indeed an important one, and is not likely to be overlooked. But whether under Free Trade or a Protective Tariff there are other ways in which traders can be assisted by the State, which are less discussed and are sometimes in danger of being forgotten.

Nothing could be more disastrous than that the desire for State support should supplant the individual initiative by which our industries and commerce have been created and developed. Nor is the close connection of trade questions with foreign policy without dangers, of which German history gives many obvious examples. But without any prejudice to the necessity for individual exertion or to the integrity of our politics, there is a vast and little cultivated field for State action in co-ordinating the efforts of

our manufacturers and merchants, centralising and disseminating information, and generally putting its vast organisation at the service of traders without fettering the freedom of their separate activities. Striking illustrations of the manner in which the State can regulate and support the activities of traders have been given during the war by, *e.g.*, the financial arrangements which pulled us through the economic crisis of the first few weeks, the steps taken to regulate the exchanges, the activities of the Ministry of Munitions, and the operation of the State Insurance Scheme for merchant shipping. It is the combination of individual enterprise with State backing and encouragement which has enabled us to keep our trade going and our shipping afloat in every sea through all the vicissitudes of the struggle. Only a few examples of the manner in which the State could extend this kind of support to British trade in times of peace can be given here ; but others will readily suggest themselves, and it is recognition of the principle which is the point of first importance.

Apart from State Organisation, there is room for a much greater degree of co-operation amongst manufacturers and traders for the purpose of raising the general level of efficiency in British trade. The competitive spirit is a

valuable spur to effort as well as representing an ineradicable human tendency. But while the rivalry between firms engaged in the same line of business may be keen, it is to the interest of each that the general level of efficiency in their particular trade should be a high one as compared with that existing in foreign countries. The reputation of British goods of every class is a matter of concern to all who are engaged in making or selling these goods. It is a matter of the first importance too, to all traders, that the trade of the country as a whole should be prosperous, in order that people should have money to spend and make the home market a good one. Articles Nos. 7, 8, and 9 deal with two or three characteristic examples of the way in which these ends may be attained by co-operation amongst merchants and manufacturers.

The provision of a sufficient supply of intelligent and well-paid workers, both in the workshop and the office, is a primary essential of business prosperity. This is a matter in which both the State and the employer are concerned, and in which both can contribute largely to secure the desired results. In general it will be for the State to endow and maintain educational institutions and to regulate the facilities which they provide and the

standards which they set. It is for employers as a class to afford to their employees an opportunity to take advantage of the facilities which the State provides, to encourage them to do so by finding openings for those who acquire the necessary qualifications, and to co-operate with the educational authorities in devising the system of education which will give the best qualification for business life. Articles Nos. 10 and 11 discuss questions of commercial education from both these points of view.

Finally, Article No. 12 contains a note of warning as to one of the greatest dangers which confronts the business community to-day—the danger that education, research, and the pursuit of efficiency generally may suffer from an outbreak of false economy, due to a reaction from the lavish expenditure necessitated by the war. The desire for retrenchment is natural and justifiable, but it must not be gratified at the expense of our future efficiency.

II

COMMERCE AND THE STATE: A MINISTRY OR AN AGENCY?

PART I. CHARACTER AND OBJECTS

IT is becoming generally recognised that private enterprise, on however enlarged a scale, cannot entirely meet the business requirements of the future. Government support of trade more vigorous and comprehensive in character than has heretofore been offered must be insisted upon. The problem of finding work for the people and markets for the product of that work is essentially a national problem, to be dealt with by national action. Even now, the Board of Trade regulates and encourages the development of commerce. It has shown great energy in the performance of these duties, but it must be remembered that they form only a very small part of the responsibilities of the department.

The need has been felt in the past, and will be still more seriously felt in the future, for a

new method of dealing with the development of British trade, of co-ordinating the resources of the Empire for the purpose of bringing work into the Empire's workshops.

Trade is acquired for a business largely by making known the products of that business to the people most likely to consume those products. Trade is also acquired by the "tied house" method of advancing moneys to individuals and to countries, with stipulations and conditions as to certain articles to be purchased from the source from which the money emanated. But, broadly speaking, trade is acquired by offering for sale goods for which the people to whom those goods are offered have a desire. We as a country have done too little to find out what articles our customers desire to possess and consume.

It is impossible that any individual firm can gather knowledge of the customs, habits, and requirements of the whole of the consuming nations in the same way as can be done by a public body. Such a body could concentrate all that knowledge in a departmental staff at little over the cost at which the same knowledge could be acquired less thoroughly by an individual firm. Once acquired, this knowledge could be disseminated impartially for the use of the whole of the trade community.

It has been assumed that such a function could only be performed by a new Government department, and for some time there has been a strong movement in favour of the establishment of a Ministry of Commerce. Yet the most superficial consideration is sufficient to show the obvious advantage of entrusting a responsibility of this kind to an extra-governmental body, with powers delegated to it by the State, a body holding the same position and authority as such time-honoured institutions as Lloyd's Register, the Bank of England, or Trinity House, supported, if necessary, by a State contribution—a trade agency acting in the interests of trade, unfettered by Government procedure or formality. The Board of Trade, as it exists at present, is admirably fitted to discharge the purely administrative side of commercial affairs—and there is no function destined to form part of the suggested Ministry of Commerce which is not already the subject of departmental attention.

Government departments cannot and never will act successfully as commercial travellers for the British trader. A body which is to do this must have on its staff men of expert training who have been successful in developing trade of a particular class. As capacity of this kind can only be attracted by a reward com-

mensurate with that which it would obtain in trade, the ordinary Civil Service scale of emoluments cannot apply. It is necessary too, that in the work of such a body the ordinary Civil Service procedure should be modified in such a manner as to make it possible for business houses to deal with it in the same manner as they are accustomed to in their other commercial relations.

In the Board of Trade, as at present constituted, we have a department with the machinery for the acquisition of much useful information. This information is too little appreciated, and certainly too scantily used. A national trade agency, such as has been outlined, would dispense this information in a missionary spirit which would give tenfold value to the statistics and data which are so painstakingly acquired. It would recognise the individual character and exclusive interests of particular trades. It would disseminate its information intelligently, making a special appeal to special trades. It would talk to the harness-maker about harness, and about harness alone. The harness-maker has, after all, only a passing interest in statistics of the supply of and demand for motor-cars, and the manufacturer of mechanically propelled vehicles is unlikely to be spurred to further effort by

information on the subject of horse clippers. Every trade should be given the specific information that is of importance to itself, and that information only. The Government policy in the past has been simply to give unstintingly to merchants and manufacturers any information that they desired relating to trade and industry, to answer all inquiries, and to assist the seekers after knowledge in any way that it was possible. But it has stopped there. The initiative has been left to the trader, and the number of firms who make any use of these services has remained comparatively limited. A national trade agency would have as its underlying principle the encouragement of trade enterprise by active proselytism. It should be as concerned in exhorting the trader to take advantage of the opportunities discovered for him as in providing facilities for the expansion of his trade through those opportunities.

An active and unfettered business department could introduce many reforms which would react instantly on the prosperity of British business. It is conceivable that no greater service could be rendered by the State to the business interests of the country immediately after the war than a national publicity campaign in foreign markets. Under existing

conditions it would be difficult, if not quite impossible, to obtain Treasury sanction for the expenditure of a quarter of a million a year in this connection, and yet probably no expenditure would be so instantly profitable, or add so quickly to the material prosperity of the country.

By encouraging such research and by bringing its results before the manufacturer the trade agency would be doing an inestimable service. It should work for the closer trade federation of the Empire ; it should regulate to the best interests of the British trader such matters as freights and transport. It is even conceivable that it might with expediency play a valuable advisory part in the vexed tariff question.

III

COMMERCE AND THE STATE: A MINISTRY OR AN AGENCY?

PART II. DIRECTION AND METHODS

THE chief advantage of a body, extra-Governmental in its composition and to a large extent unfettered in its activities, is that it may attract a considerable number of business men to its personnel, who by the nature of their commitments in other directions could not possibly be absorbed by a permanent Government department. This matter of personnel is one of the most important which we have to consider. It is essential for the success of any corporation based on "push-and-go" principles that it should be under the direction of men with practical experience, of undoubted ability, and with proved administrative qualities. Such men are very unlikely to be able to devote their whole time to national work at the expense of their own enterprises. It is therefore far better that some arrangement

should be made by which the directorship of the National Trade Agency should be in the hands of a committee (giving only part time and service) of business experts, who are for the most part directly in touch with the practical business of the country.

For the permanent staff it might very well be possible to secure the services at a reasonable remuneration of men with practical business experience who are prepared to devote their careers to the service of the country. It would probably be better if these men were selected not by the usual methods of examination but by direct appointment from the committee of experts. On a permanent staff of this kind it should be possible to absorb representatives from the various branches of business with which it would be the agency's duty to deal. There is no suggestion that because the body is essentially extra-Governmental in its functions it should be in any sense limited as to the number of staff employed, and it would certainly contribute very considerably to its efficiency and to its power to assist business men's activities if it were able to deal in an expert manner with such subjects as inventions, the application of science to industry, the study of native races and their requirements; that it should encourage the study of commercial geography, the law

of foreign countries, international agreements, and other matters. It is impossible to conceive that men possessed of a special knowledge on such subjects as these could not be procured for that very moderate salary which the expert of to-day is able to command. From the initiation of such an agency until the time it is in the full swing of work, departmentalisation would naturally arise from the exigencies created by the demands of traders. It is impossible at this stage to lay down any rigid plan of departmentalisation, but it may be assumed that such subjects as have been outlined above might, each of them, form the *raison d'être* of a special department which the individual trader, anxious for enlightenment, might be able to approach.

The appointment of the junior staff might very well be regulated by competitive examinations, in which a knowledge of business subjects and the commercial conditions of the world should play an important part.

The relations of a National Trade Agency of this kind with the Government would naturally be dictated by the reputation which its work and personnel might achieve for it. Properly constituted, and in the hands of men of weight and authority, it might be so powerful an agent that no Government could afford to neglect the

least of its recommendations, while at the same time that Government would have no power to postpone the publication of its decisions, and no interest either in neglecting or in diverting its criticisms. A Government department, constituted as it is to-day, is necessarily to some extent subservient to the general policy of whatever Government may happen to be in power. It is fettered by tradition and by a procedure which is the growth of centuries. It is in the hands of men whose capabilities have been tested by examination rather than by their capacity in business affairs, and though such men may be, and are, eminently well fitted to cope with the details of administration, it is impossible to expect from them any intimacy of touch in dealing with the practical demands of practical men. What is needed in the personnel of a trade agency of the character which has been outlined is an experience of the world of business so thorough that recommendations emanating from the agency cannot possibly be neglected, and, indeed, can be so fully relied upon that no Government could for an instant hesitate to adopt them in any policy to which they gave the sanction of the law.

The functions of such an agency must necessarily be largely advisory, but there is no reason why there should not be bestowed upon

it special powers, such as are already enjoyed by many extra-Governmental bodies. It should certainly have the advantage of a charter of authority by law, such as is enjoyed by the Port of London Authority, by the Bank of England, and by many Corporations throughout the country, which would enable it, for instance, to support itself financially by the exaction of a toll from those business men who made use of its machinery. Any charter, however, which was bestowed upon the agency should embody other powers and privileges, which would enable it to act without Government sanction in many matters.

The central agency at home would naturally have offshoots in foreign countries and in our own Dominions. These would be supplementary to the consulates, and would enjoy the advantage of unfettered action in the interests of the British business man. Thus, they would be able to act as agencies in the most commercial sense of the term for business men in this country. Not only would they be able to push the interests of British business, but they would be able to sell goods in the countries concerned, and to take all steps necessary for the advertising of those goods, the distribution of catalogues, etc.

One of the greatest faults of British business

in the past has been the disinclination on the part of the British trader to give due consideration to local prejudices and requirements. The picture of the British business man remaining in opulence at home dictating to a world of consumers what they should consume, is unfortunately as true as it is often drawn. The truth is that the British business man has been in the past too prosperous to worry about special local tastes and requirements with which the goods that he has been accustomed to produce do not comply ; and that consulates have been content to forward whatever information they may have been able to collect to the Mother Country without any assurance that that information would reach the trader.

Tributary agencies of the character suggested would meet the difficulty admirably. They would forward to every employer who was a member of the agency regular reports on local conditions, and the openings which might present themselves for the goods which he was making ; would report to him the progress of competitors in the same market, and the methods which they were employing to capture the trade concerned ; writing to him not in the spirit of the governmental report, but of the commercial traveller who sees an opening and directs his firm as to the methods which they

must adopt to secure it. Matters of exchanges would also form part of the activities of these tributary agencies. They should be employed to act financially for the home trader, and to arrange payment according to the convenience and the special circumstances of the foreign consumer. They should be actuated by the spirit of true salesmanship, which studies always the convenience of the buyer rather than the whims of the producer.

The underlying spirit will be one of co-operation—co-operation of traders in the formation of the agency and co-operation in their use of it. Competition will become national rather than individual. The trust will not be between a group of firms in any particular trade, but between every firm under the British Flag as against every firm under a rival flag. So inspired, British business may find in a central organisation of this character an effective machinery for combined action which will make it supreme in the markets of the world.

IV

ADVERTISING THE BOARD OF TRADE

A PART from the question of establishing a National Trade Agency, as outlined in the two preceding articles, there is a great and growing feeling in commercial circles that the Government are not doing by any means all that they might do even under present conditions, to bring to the notice of manufacturers and traders the opportunities that exist for British trade in foreign countries. They may have laboriously gathered details of the greatest importance, but their methods of making them available for general information are lamentably antiquated and inadequate.

A good example is found in the permanent exhibition of samples of German and Austrian goods, organised during the war by the Board of Trade. The collection was of remarkable interest from many points of view, while it was of vital importance to all manufacturers aiming to capture some portion of the trade of the enemy countries.

But how many business men realised its existence? What steps did the Board take to advertise it or any of their other efforts to help the business community?

Briefly summarised, their "advertising" has been confined to two rather ineffective media—the weekly *Board of Trade Journal* and the Special Register. The former is ineffective, in spite of the importance of the information it contains. It is full of matter immensely valuable to the manufacturer and the business man, but its cold, official, "blue-book" appearance makes it repellent rather than attractive.

And, just as there is nothing about its appearance which impels the business man to buy it, so no special steps are taken to bring it energetically to his notice. It is distributed through the ordinary "blue-book" channels—that is to say, it can be obtained on demand, but it is never pushed. Surely a work of this importance should be edited in such a way that its contents may be made as conveniently as possible accessible to those for whom they are intended; and, above all, it should be obtainable at any bookshop or paper-stall. What one Government department has done once—in the widespread dissemination of the all-important Cause-of-the-War Blue-book—can be and

should be done again, and consistently, in the case of the *Board of Trade Journal*.

The Board's other method of spreading information, by means of the Special Register, is almost pitifully ineffective. For a fee of one guinea a year a firm may be placed upon this register, and will receive, from time to time, admittedly valuable commercial information. It is as if a firm of manufacturers should distribute advice and suggestions to such a limited number of their travellers and selling agents as were willing to pay a fee for the privilege.

If the Government is to be regarded in the light of a managing director of the world-wide concern called British Commerce, then it should use every means in its power to distribute all possible selling information, not to a select few, but to all of its representatives, the British manufacturers and traders. After all, it is not the concern of the Government whether Firm A or Firm B is the more prosperous; it is of the utmost importance that A and B and C and D should gain as much foreign trade and build up as much national prosperity as possible.

It is no great wonder, then, that the exhibition referred to did not receive the attention it unquestionably merited. Instead of manufacturers flocking to learn what German and Austrian goods are in widespread demand in

foreign countries, and to consider how far they could be manufactured over here, the Commercial Intelligence Branch had to circularise and to persuade individual manufacturers to take up the lines in question.

The exhibits comprised samples of goods obtained practically from all over the world. They spoke most forcibly of German enterprise, adaptability, and industrial organisation. They told of the extraordinary shrewdness and commercial acumen of the German business man, both in manufacturing and selling methods.

The exhibition contained samples of tools, obtained from North and South America, Asia, and Africa, bearing the stamp of a Remscheid firm. They are sold at an extraordinarily close price, and the reason is that the selling organisation has been so perfected. A branch of the firm in Canada (before the war) bulked all orders from the Dominion and forwarded them to headquarters, where they were further totalled with orders from other parts of the world. Then they were parcelled out to manufacturers who specialised, so as to obtain the lowest prices on very large productions of individual lines. The firm, in other words, acted as an immense jobbing house for German tool manufacturers, all selling under the brand of the distributor, and thus profiting by the

cumulative effect of the advertising of the brand. That is typical of German co-operation.

Many of the samples shown were, of course, of the very cheapest lines of goods peddled to native buyers. Germany aimed first for bulk of trade, in order to reduce manufacturing costs. Having obtained that hold and created a demand for German goods, the aim was to put out goods of better quality and wider margin of profit.

It is a very important question as to how far Great Britain should attempt to compete with goods of the cheapest qualities. It raises labour and social problems which will have to be tackled after the war on the broadest lines. When one learns of conditions in Bohemia, where a man working ten hours a day at bead production earned 8s. a week, of a cottage industry of dolls and Noah's ark figures which brought to a man and his wife only 5s. 4d. to 7s. 6d. a week, or of "three-star" brandy decocted for retailing at 5d. a bottle, it is very evident that there are some industries which ought not to be encouraged in this country. In fact, it should be regarded as a highly important function of the Board of Trade to collate figures of wages in German and Austrian industries before the war, and to circulate these figures widely in order that it

may be decided whether it is socially desirable to foster certain industries over here. A world-commerce may be obtained at too high a social cost.

Further, particular industries may not bear transplanting for reasons of climate—light, air, humidity, nature of water supply—or reasons of transport. These are all considerations on which the individual manufacturer could be greatly helped by guidance from a Government department which has sources of information not open to the private business man. The *Board of Trade Journal* could be made the medium of discussion, if not of actual direction, on those questions.

A third point brought out most forcibly by the exhibition was the scientific brain-work applied in Germany to manufacture. This does not refer only to the dye industry, of which the results are in the public knowledge, but to minor lines. Buttons, for instance. A line of German buttons of celluloid with a mother-of-pearl sheen has hitherto baffled analysis. The iridescent effect is undoubtedly the selling attraction of the buttons. How is it attained?

The Board has been successful in a number of cases in getting German goods made in Great Britain at an equal and even at a lower

cost, but there are very many opportunities still waiting to be seized. In order that full advantage may be taken of them, it is necessary that the information laboriously and carefully compiled by the Board of Trade should be brought very widely to the attention of merchants and manufacturers. An excellent beginning has been made. The policy thus initiated must be consistently followed up. The Board of Trade must not rest content with placing the results of its researches at the disposal of inquirers, but must advertise them and bring them to the notice of all.

V

A BUSINESS REGISTER

THE National Register has been proved to be of such immense practical value in the estimation of national resources that it may not be inappropriate to consider an extension of the idea in relation, particularly, to the business world. The card indexing of human values is not a procedure which naturally recommends itself to the British mind. That does not necessarily mean that it is not a sensible precaution, which the conditions of the war period may serve to emphasise. Business organisation, even in peace time, could not fail to benefit by a more exact estimate of the status and capacities of business men, and the individual business would be the stronger for a complete knowledge of its human resources which a private register would provide.

For, in truth, the matter must be looked upon from two aspects. In times of national emergency it would be of the highest value if, at any given time, the Government could turn

to the business houses and receive promptly a detailed register of the men and women in their employment, with exact details as to their capabilities. In normal times the heads of any business would find valuable guidance in the tabulation of these facts.

In the revival of British business which must follow the war, if we are to retain our commercial supremacy, it will be necessary to recognise and employ to the full the capacities of every business worker. It is doubtful whether this has been done in the past. The leaders of business have been too apt to estimate the value of the workers under their direction on the showing of their work for the firm. This estimate has not taken account of the special knowledge or training which any particular employee may possess, and which may not find any outlet in the work upon which he is engaged. Employers have in the past known too little of these matters, and the value of a private register would lie in its record of them.

Such a register would only serve its purpose if, besides recording essential details as to age and physical fitness, it contained also details of the training and capabilities of the members of each business firm. Knowledge of these facts could not fail to be of the greatest value to the

heads of the firm, who might be guided by them in the promotion of their employees to posts of responsibility. There cannot be the slightest doubt that many men and women on the lower rungs of the business ladder fail to attain promotion because, through modesty or the lack of opportunity, they are unable to press their just claims.

A careful tabulation of the previous experience of every employee in a business house would be an invaluable signpost to those directing the business. By its means they would have the facts with regard to their employees kept always in front of them. They would be able to select exactly the employee who could be entrusted with a particular responsibility. They would be able to judge whether or no the men and women under their command were being used to the fullest of their capacities. At the same time, a great storehouse of statistics would be created which could be drawn upon whenever it became necessary, for national purposes, to inquire into the resources of the labour market in any particular branch of trade or industry.

The present is as good a time as any to set such an innovation on foot. It is certain at least that any firm which has the enterprise to take the step will never regret the small amount of trouble entailed in recording full details with

regard to its employees. One may hope that these details will never be needed again in such an emergency as the present. They will always be useful in the daily round of business life.

VI

STATE CONTROL OF EMIGRATION

SIR GEORGE REID, in speaking of the problems which would confront the Empire after the war, urged that practical business men should do the "spade work" for statesmen, each investigating the possibilities of the future in his own branch of industry or commerce.

In the very important subject of emigration this "spade work" was early taken in hand. The Royal Colonial Institute, which is the only representative body of its kind in existence, gave considerable attention to the subject, and Sir Rider Haggard was appointed as special commissioner to visit the Dominions and inquire into the whole question.

Investigation of this kind, whether by representative institutions or by individuals, is of the utmost value as a basis for action, and the importance of such "spade work" cannot be over-estimated; but it is earnestly to be hoped that it may be followed by the setting up of a

carefully considered and well-modelled scheme of State control, which will deal with the whole problem of emigration on the broadest possible lines.

Obviously the question will be a vital one. On the one hand it is reasonable to suppose that a considerable number of the young men who have been through the experiences of a campaign, will have acquired a taste for an out-of-door and active life, and will naturally turn towards the Dominions for its gratification. The desire will have been stimulated in many cases by contact with men of the Overseas Contingents, who have proved themselves such splendid comrades in Flanders, France, and Gallipoli. Others again will have their thoughts turned to emigration by the fear that a period of trade depression may follow the exertions of the war.

On the other hand, there will be an urgent need for vigorous and sustained effort in the Mother Country, in order that our trade and industry may recover from the dislocation caused by the war and that we may pass successfully through the period of stress which lies ahead of us. The ultimate source of a nation's wealth is men and women—the hands and brains of its workers—and we cannot afford, at such a time, to let the country be

drained of those whose labour and services we could utilise at home.

The question is thus a difficult and many-sided one, which cannot be adequately solved by leaving matters to the competitive efforts of the Dominions to attract settlers. In order that the Dominions may find the men they need for the development of their resources, that the ties of Imperial Federation may be drawn yet closer, that returned soldiers may find a congenial sphere of activity, and that the business of the Mother Country may be maintained, we need a powerful central organisation on which all these interests should be represented.

Such a Central Control must contain representatives of all the Dominions, well acquainted with their special needs and opportunities. It must work in close co-operation with the Employment Department of the Board of Trade and with the agencies for settling men on the land at home. It must take into account the extent to which the development of the Dominions is likely to be checked in the near future by the difficulty of maintaining a proper flow of capital into their enterprises. It must endeavour to form an estimate of the directions in which the demand for labour at home will be most brisk. In short, it must consider the

whole problem from every side, political, economic, and human, and must frame a comprehensive policy calculated to attract men into the channels where their services will be most profitable both to themselves and to the Empire, whether in the Dominions or at home.

The independent researches of such bodies as the Royal Colonial Institute will furnish invaluable data for the deliberations of a Central Control ; but the interests affected are too wide and too complex for anything short of a Government Department to handle them satisfactorily. This is pre-eminently one of the cases in which close co-operation is necessary between the social and political interests represented by the State and those of the business community.

VII

EMPLOYERS' TRADE UNIONS: WHAT THEY DO

THE workers' trade unions have been very much in the public eye during the past ten years, and their names, personnel, and especially their demands are matters of common knowledge. What is less known is the trade union system amongst employers.

Practically every branch of industry is to-day organised to protect the interests of employers. The work is done very quietly and unostentatiously. It is none the less effective.

The London building strike of the first half of 1914 gives a pertinent example. Whoever may have been in the right—and in industrial disputes both sides have usually a strong tincture of right in their arguments—the point was reached at which employers and employed faced one another across board-room tables in a contention which threatened to paralyse the whole building trade of the United Kingdom. On 15th August the National Federation of

Building Trades Employers was to declare a general lock-out. The war helped to cut the tangle, and the matter was settled by a Conciliation Board.

What is this Federation capable of paralysing the entire building activities of our islands?

It is the focal point of a number of district associations. Names such as the Northern Counties' Federation, the Yorkshire Federation, the Southern Counties' Federation, the Scottish Federation, will suggest the local groupings. Each has autonomy within its own borders. Each is vassal, so to speak, to the National Federation. When mutual support is needed the National Federation sets out the general line of policy and pulls the strings of each local body. If Parliament has to be approached, if a law-suit of general interest has to be prosecuted, the National Federation, armed with the moral and material support of practically every important builder in the United Kingdom, undertakes the work and signs the cheque for costs.

Each trade to-day has a focal point of similar character. The details of organisation will vary, but the general principle is the same. The millers, for instance, concentrate their forces in the National Association of British and Irish

Millers. The brewers mobilise at the Brewers' Society.

It might be thought that the Association of Millers would control the price of flour. This, however, is not the case. It keeps strictly to trade union business—to consolidating and advancing the interests of the milling trade employers in general—and also spends a good round sum annually in encouraging milling students. Nor does it attempt to create trusts and force up prices artificially. Competition among the millers is acute, and it is said that some of them pay their dividends, not on manufacturing profits, but on shrewd speculations in grain. This, on the whole, works out to the benefit of the great public of consumers.

Primarily these associations are trade unions, for the avowed purpose of protecting the special interests of members, just as lawyers and doctors and architects and authors have severally combined to further professional interests. It is a natural outcome of the complex civilisation of to-day.

Some of them maintain publicity bureaus to make their cause known to the consumer.

During the year 1915 large advertisements appeared in the papers setting out the merits of beer as a drink of minimum alcoholic content and wholesome effect. This campaign was

financed by the Brewers' Society. It followed on the increased tax on beer made at the end of 1914, and the consequent rise in price to the consumer. Similarly, when several years back there was an "arsenic scare," the Brewers' Society bought space in the Press to reassure the public and restore confidence in their product. Action of that kind is legitimate and unexceptionable.

Most of the associations do a great deal of quiet work in what is termed "business house-cleaning." They endeavour to root out practices which fringe the limit of the law and bring the trade into disrepute. They tend, on the whole, to commercial uplifting—to maintain the dignity of business conducted on fair and equitable lines.

Not the least useful work of the National Federation of Builders, from the public point of view, was the establishment of a national scheme of Conciliation Boards. These have prevented innumerable strikes, and provided an amicable path for advances of wages during the last three years of upwards of 15 per cent. In 1913, out of eighty-one cases, in only one dispute was no decision reached by the National Conciliation Board. The scheme has greatly improved the relationships between men and masters, and fostered that mutual respect which makes for peace and goodwill.

Without doubt, practically all the employers' associations could tell of similar good work carried out quietly and far removed from the limelight.

There is room for a large extension of this system of co-operative effort, and the results already obtained must be regarded as highly satisfactory evidence of the powers of organisation possessed by British industry.

VIII

EMPLOYERS AND RESEARCH

THE importance of scientific research as applied to industry has never been so clearly recognised as to-day. As Sir William Beardmore pointed out in his presidential address to the Iron and Steel Institute, its value does not lie only in results capable of immediate application to manufacturing processes or the solution of definite problems of production. It is difficult to estimate the practical uses of a discovery at the moment when it is made, and purely theoretical research has often yielded important commercial results. Thus the experiments of Kelvin and Joule in the reduction of temperature in gases by compression were not turned to practical account until some forty or fifty years later. Yet from these experiments followed the liquefaction of air, the oxy-acetylene process for cutting iron and steel, great developments in the manufacture of artificial fertilisers, and other valuable results.

The immense advantage which the Germans have derived from their admirable organisation of research, in the synthetic production of aniline dyes and kindred industries, has brought this matter very prominently before our attention during the war; and there are signs that a strong demand will be made upon the Government to give greater facilities for research and greater encouragement to scientists and chemists than they have done in the past.

Professor Fleming recently drew attention, however, in a paper read before the Society of Engineers, to the fact that a great part of the technical research work in Germany is carried out privately by employers' associations in the trades concerned. It is thus that our great trade unions of employers might find a field for greatly extended activity with incalculable advantage to British industry.

There are obvious advantages in such work being conducted in the closest possible connection with industry. The training provided in our research laboratories and technical schools is apt to be either too theoretical or too narrowly scientific to fit the research worker for gauging the commercial possibilities of his work. His knowledge of chemical processes, of purely scientific combinations and possibilities, may be exclusive and profound.

But his training does not include a knowledge of the cost of materials, plant, and labour, or the commercial value of products. He is not in a position to judge whether the profits to be derived from a new process would be sufficient to cover the expense of working it. He cannot be expected to recognise the bearing of a new discovery upon processes already in use, or to find out for himself the directions in which experiment and investigation are most likely to yield commercial fruits. While all his work may be of the highest value from the scientific and social standpoints, it can only be made to give the maximum aid to industry by a much closer connection than exists at present between the work of research and industry itself.

While general theoretical research might be left mainly to national laboratories, work in connection with the materials and processes of particular trades might advantageously be undertaken at the expense of trade associations. The actual work could be done at some technical college or university provided with sufficient equipment, or at a municipal laboratory in some leading centre of the industry concerned. It could be carried on by the staffs of such institutions under the supervision of and in close collaboration with experts on the

staffs of the big manufacturing firms, or employed as consultants by the association. The expenses would be shared by all the firms connected with the association, and the results would be communicated to all such firms, and to them only.

It would not be necessary to restrict the work undertaken to the solution of immediate practical problems. It would be well worth the while of big trade associations to subsidise handsomely general research by capable men in all spheres at all likely to affect their industry, on condition that the results obtained were periodically reported to the association. Co-operation between the purely scientific expert and the staff of works laboratories would speedily reveal the commercial possibilities of any discovery made.

The advantages to be gained from such a scheme in increased efficiency of production, in the utilisation of by-products, and in competition with foreign manufacturers would many times repay the expense incurred, and should be a more than sufficient incentive to common action.

IX

DESIGN IN BRITISH GOODS

“**T**HERE is no ‘public taste.’”

That is the axiom, maxim, or theory current amongst the leaders of the world of applied art, and, academic as it may sound, it has a very definite and practical bearing on the better relationship between industry and art, and the raising of the standard of design in British-made goods, so that they may compete with the best of the world's output.

If the proposition be accepted outright, important practical conclusions follow. But most people would be inclined to demur to it. We ought therefore to set out the line of reasoning leading up to the axiom.

Take, as a specific instance, design for textiles. A manufacturer, at the beginning of his season of production, will receive hundreds of suggested patterns from “free lance” designers, as well as from the men he may employ on his staff. He chooses, say, twenty patterns; and in due time produces the material.

Samples are then submitted to the wholesale houses and the buyers of the big stores.

The merchant may fancy half a dozen of the samples offered, and give bulk orders for them. In due course this restricted number is placed before the shopper, and from it she has practically to make her choice. It is probably represented to her that such-and-such a pattern "is going to be the vogue," or "is selling wonderfully well."

In most cases, what she takes is a "forced card." She has, in reality, no free choice. She has scarcely any opportunity of making her own ideas influence the first production of design; though the manufacturer may decide to repeat the type of design which has had a success. And, consequently, it is misleading to think that "public taste" is the prime mover in applied art. The public choose from what is put before them. Fashion is arbitrary, and the public accept the fashion.

To raise the standard of design, it is misapplied energy to try to "educate the public taste"—the usual generalised panacea. What is needed is to get to the root of the mechanism of manufacture and sale. To educate the designer in the most thorough manner. To give him standing and authority. To weed out the amateur and incompetent. To elevate

the status of applied art to the same plane as applied science.

Now, at the present moment in England, applied art is in a peculiarly unorganised condition. There are schools of art in abundance, in almost every town and city suburb, and one would imagine that they provide for every shade of education. So they do, but in a disastrously competitive and non-co-ordinated manner. Most of them offer to teach anything, and are willing to instruct any amateur so long as he or she can pay the fees. And since a very large number are run on the ratepayers' money, the fees are so low as to attract diletanti of both sexes to a degree which brings designing into public contempt.

There are no real universities for applied art. In applied science, if a man wants to learn the technology of woollen goods, he studies at Leeds University, where he finds men who know the practical side as well as the theoretical, and are in close and constant touch with committees of the actual manufacturers. If he desires to study metallurgy, he goes to Sheffield, where similar practical training of the highest order is offered.

But in art, every little municipal school clamours for his patronage. The teachers are largely men and women who have secured a

string of letters after their name by scholastic examinations, have rarely been engaged in the practice of the workshop and the factory, and are ready to teach almost any branch of designing.

As a natural consequence they turn out large numbers of examination-crammed students, and pull down the status of applied art.

It might seem a drastic move to restrict the subjects taught, and it would certainly arouse considerable opposition from "vested interests," but this is the first step needed. The second is to raise certain of the schools to university standard, and to have them specialise in industries which are geographically in contact with the school. The third is to bring manufacturers and merchants into touch with teaching and research through a committee system similar to that of Leeds and Sheffield.

It ought to be possible for business men to pool their practical knowledge with recognised authorities in the teaching of certain branches of applied art, and, reciprocally, to keep themselves in touch with the trend of thought in modern art.

The standard of design would be raised by such joint action. The designer himself would acquire authority, so that he could work above the accepted lines of applied art without feeling

the hopelessness of getting his ideas adopted. The element of design in British-made goods would move up to the high level of Continental production before the war.

There is no doubt in the minds of those who have studied the question minutely that the world-wide spreading of German goods has been due in equal parts to strenuous selling methods, to scientific co-operation, and to co-operation with designers. German and Austrian goods in recent years may have been "cheap," but decidedly they were not "nasty." Professors of art (as well as of science) lent their whole-hearted energies to the production of original and beautiful patterns in Munich, Vienna, and other cities, and manufacturers welcomed their help.

This co-ordination of interests and energies was brought about largely by Government action in Germany. It can be brought about in this country. And in bringing it about there is an excellent opportunity for co-operation between the State and big business organisations. The Board of Trade, or a National Trade Agency such as has been suggested, would be able to contribute valuable information as to the designs and styles most popular in foreign markets. The requirements of the home markets would be carefully studied by

Retailers' Associations, who would use all their influence to secure the "pushing" of artistic lines. The Manufacturers' Associations, working on the information acquired, would be able to secure the production of high-class and at the same time readily marketable goods. The State, working perhaps through a joint committee of the Board of Trade and the Board of Education, would co-ordinate the work of the various schools of design, subsidise and encourage the higher grade schools, and supervise the curriculum. Constant and close co-operation between the Government Departments concerned, the representatives of manufacturers, exporters, wholesale dealers and retailers, and the leading authorities on Applied Art, would give practical effect to the policy adopted, ensuring the practical nature of the teaching given and the fullest commercial use of the results obtained.

X

EDUCATIONAL FACILITIES FOR EMPLOYEES

WITHIN recent years a considerable advance has been made in the direction of providing training in commerce for the employees of our great business houses. It has been recognised that no more effective step can be taken to awaken an intelligent interest and promote a general efficiency amongst the subordinates of our great firms than to set aside some part of the working day to explain to them something of the wider significance and inner meaning of their daily round. It is unnecessary here to specify names or instances. They will be readily enough recognised by the general public, for the movement is sufficiently in its infancy to ensure that those houses which have declared themselves in favour of the innovation should have gained a due appreciation of their enterprise.

But beyond the intensive method here indicated of gathering together the employees of a single business and teaching them some-

thing of its inner processes, there is the altogether wider question which demands attention urgently to-day in the interests of British trade and commerce. That question is, how far the efficiency of British business may be increased by the practice on the part of employers of granting to those in their employment, facilities for continuing their education during business hours. How far is it in the interests of these leaders of business to encourage their employees to take advantage of the educational opportunities which offer themselves on every side? How far can they expect an adequate return for sacrifices made in this respect? For there can be no doubt that this encouragement must entail considerable sacrifice on the part of the employer. To be effective it means the releasing of employees for certain hours of the working day which otherwise would be devoted to the business.

It is true that there will always be rising men in the world of industry and commerce whose ambition is so much alive, whose mental and physical energies are so tuned to meet the demands of that ambition, that they will employ their leisure hours voluntarily in the task of improving themselves for the battle of life. Such men are sufficiently rare to be negligible in any general argument on the subject. It is

not merely a question of keenness and industry. The mental and physical strain of attending evening classes or working at a correspondence course on the top of a hard day's work in the office, makes a severe, often an impossible demand upon the strength of the worker. It may be taken for granted that the average boy or girl, man or woman, has neither the high ambition nor the surplus energy to employ his or her hours of recreation in this manner, and so the problem resolves itself into these terms—the employer must make the opportunity for this extended education in commercial subjects in the hours of business. He must put before his employees a choice such as this: He must say, "The hours of business are from nine till seven—if, however, during the first year of your employment here, you prefer to use the hours between five and seven at the Technical Institute or the Commercial School, you are at liberty to do so." Such an arrangement would prove effective where a mere general exhortation to industry in leisure hours would meet with no response.

And the effect on paper would be this: After a year or so of commercial or technical training the employer would find himself served by men and women who, because their knowledge was increased and their intelligence

awakened, would return to him a hundredfold the hours he had sacrificed to their training. It may be argued, however, that there is no guarantee to the individual firm that the higher type of employee thus produced will be loyal to the firm, and add for any length of time to its general efficiency. There is the obvious danger that men who increase their personal knowledge and business capacities at the instigation and expense of the firm may offer that knowledge and those capacities to other firms promising quicker promotion. This, of course, cannot be avoided, but it is necessary to look at the matter from a broad standpoint. Not only does every employer gain by any general increase of efficiency in the sources from which he draws his supply of workers, but it stands to reason that the greater proportion of the servants of the business house who have taken advantage of the facilities offered them by the firm, are not likely to desert that firm on the earliest possible occasion. The bulk will stand by it, and because their interest in the work will have been reawakened by new knowledge gained, they will become a hundredfold more useful members of the business than ever before. It is incontestable that those firms who have done most for their employees have reaped the benefit in the quality of work done.

It is impossible to work at the highest pitch of energy and intelligence when the work is done with a blindness to its significance, with an ignorance of the true nature of the materials used. The perfect knowledge of some minor process only in manufacture or in commerce, sufficient to the automatic performance of a specified task, is in many ways a more dangerous deterrent to advancement than ignorance itself.

The war has brought about in nearly every business centre a shifting of responsibilities, an unexpected call on the resourcefulness and general adaptability of employees. Such crises have to be met with a ready grasp of the essentials of work in all forms, and what better value for money could a business organiser wish than the certainty that the greater proportion of his staff is ready and capable of tackling emergencies?

We have suffered much in the past from the automatic method of discharging the obligations laid on us by the daily task. This automatic method would disappear immediately with the increase of knowledge. Listlessness is based nearly always on ignorance—and lack of interest in their work, whether shown by the higher or the lower ranks of business men, may nearly always be traced to a confinement of knowledge which tends to the mechanical performance of duties.

It remains for each business leader to decide what course he shall take in the matter—what scope he shall allow to this extension of business education. A problem which will confront him will be how far the education shall be general, how far particularly applicable to the needs of his own business. Certain subjects recommend themselves as having application to every business—among them commercial geography, a knowledge of foreign languages and of foreign conditions. Education along these lines is distinct from the training which produces expertness in any specialised function in industry or commerce. The aim is a very simple one, to produce a higher type of worker—and to do that it is undoubtedly necessary to make any educational facilities of the kind include both general and specialised training. While a worker should be able to do his particular work with technical excellence, he should also have a general knowledge of its purpose. Only with such a wide grasp can he hope to maintain full interest in his work and advance to higher skill.

Undoubtedly the ideal system is that in which instruction is combined with practical experience, in which theory is taught at the same time as proficiency is gained. But of all fatal mistakes, the policy of economising on

the general welfare and training of the staff of a business concern must rank as one of the blindest. As in our Army the final power rests on the co-ordination, the individual resource and devotion of the rank and file, so in the battalions of the great British industrial army the loyalty of service and the quality and quantity of output rests with the subordinates. When one turns to the lessons that we hope to learn from the war, one of the most important, it must surely be granted, is our need as a nation for a more general and more enlightened view in the conduct of public life. Into this large question the problem of keeping up the standard and success of British trade ranks as of great importance, and the maintenance and increase of our national reputation must be the first thought in the minds of our leaders of commerce. In the furtherance of this ideal it will be well to consider the ultimate value of seeing that the army of our workers is as fully trained and equipped for the struggle as is possible, to ensure that they may be able to support new enterprise and satisfy greater demands. As a step in this direction, the encouragement of a broader view of responsibilities and the systematic training of our workers by employers should rank as a duty. It is a question particularly worthy the attention

of the big Trade Associations with their powers of systematising the methods adopted, of subsidising, if necessary, the educational institutions, and of influencing their work in the direction of practical efficiency.

XI

UNIVERSITY TRAINING FOR BUSINESS

NO established institutions have been harder hit by the war than Oxford and Cambridge. The flower of their sons are now fighting the nation's battles, and till the war is over their academic mission must be, to a large extent, suspended. And so, because they have fewer pupils, they are losing very heavily in revenue. Even at the conclusion of the war they can only look forward to a continuance of evil days. Many of those who were, or were about to be, undergraduates will never return to Oxford and Cambridge. Many of them have given their lives for their country, many others will choose more active and open-air careers than those for which university training is designed. Speaking broadly, the average parent considers the university an extravagance, and any monetary depression which may follow the conclusion of peace will react immediately on the number of entries. For some years at least it is safe to assume

that the universities will have to face dwindling revenues.

What means they will take to meet the exigencies of such a situation they themselves will decide, but meanwhile it may be said that those who wish to see the curriculum of the universities widened to admit of business training will have the best possible opportunity of urging their case after the war. University reform has at all times meant an uphill fight for the reformer, but the journey may now be shortened in view of the following facts : First, that the war has presented such an intellectual upheaval that it cannot fail to break down barriers of conservatism which were formerly unassailable, and also because it has emphasised to the highest possible extent the need for more perfect scientific equipment in every branch of life.

It is to be hoped that in the admiration that everyone must accord, now more than ever before, to the universities and public schools as a training ground of character, there will not be obscured their many and obvious defects as a training ground for business life. No business man can fail to see that they have sent their students out into a hard world of fact, imperfectly trained, in many cases, in the technique of their professions. It will not be

sufficient in the years ahead of us for a man to bring to his work merely strength of character and a certain receptivity, he will have also to come equipped with a thorough technical knowledge of his subject. In such sciences as medicine and engineering the universities have provided a technical education unexcelled in any country in the world. Should they be persuaded to accord similar treatment to commerce, we should quickly find that the tone of British business as a whole would be sensibly affected by the introduction of men of such calibre. For what British business needs is an increase of its educated personnel, not only educated in the technical operations of individual businesses, but ready to grasp with full knowledge every opportunity for expansion which may present itself.

Whatever effect the war may have had on the arguments against the introduction of business training into the ancient universities, there can be no doubt that those who formerly held it to be a desirable thing will have their hands greatly strengthened by these considerations. The country looks to Oxford and Cambridge as the fountain-heads of education, from which secondary education throughout the country takes its being. They have only to give the lead for the public schools to follow suit,

In every other great commercial country in the world, in France, in the United States, in Germany, this matter of commercial education receives the first attention of the educational authorities. In these countries well-defined systems starting in the elementary schools and reaching to the highest educational institutions are laid down, and have been in operation for many years. We alone of all great nations leave commercial education untouched, except for some sporadic effort in the technical schools and modern universities and in private institutions. The national system of secondary education as represented by our public schools neglects it practically entirely.

Can we afford for this to continue? Is there any reason why the great educational traditions of our public schools should be in any way harmed by the universal introduction of a curriculum designed for the benefit of future business men? Is there any other profession demanding high technical skill, for which boys would have the temerity to present themselves comparatively late in life, with no equipment save a good physique and a general training?

It is no answer that our public schools and universities are more concerned with humane learning than with the teaching of technical subjects. For many years the necessity for

practical training in mechanics and engineering has been recognised. Specialisation in these subjects is encouraged from an early age, and continues from public school to university, until a man enters the profession he has chosen.

Obviously commerce is a technical subject, and should be taught as such. This fact is recognised in other countries, where commercial training is established in every grade of educational institution. Why, therefore, should we alone neglect it in our scheme of higher national education? Why should it not be accorded the same place as other technical subjects, in which training of a highly practical kind is already given?

It has often been urged that the remedy is to pass the public schools and universities by, to take advantage of those opportunities for commercial education which do exist. But this is really no answer to the problem, for why should the future business man lose the great advantages which the public schools and universities offer?

We all recognise that excessive specialisation has its own dangers. The technical knowledge of the expert is sometimes accompanied by a narrowness of vision, an ignorance of everything outside his own particular subject, which greatly limits his usefulness. Modern com-

merce is too complex and in touch with too many sides of human life for purely technical capacity to fit a man for the highest posts. There is a growing recognition that technical training should always be accompanied by a continuance of general education, and that the aim should be to produce men not only expert in the performance of their own functions but possessed of wide general information, an alert intelligence and a knowledge of men and affairs. It is precisely this combination of technical training, with breadth of outlook and experience in dealing with men of varied characters and positions, which the public schools and universities should best be able to supply if once they could be induced to remedy their defects on the technical side.

It so happens, moreover, that in this country public school and university training carries with it a social cachet. That may be a small point in the scheme of things, but still it exists, and must be recognised. There cannot be the slightest doubt that most parents who have reached a certain standard of riches welcome the chance of giving their sons the social advantages of a public school and university education.

Nor is the social advantage necessarily the first to weigh with them. The traditions of

these ancient centres of education are such that they cannot fail to influence whosoever passes through them. Add to this that they foster, in the highest sense, those public and private virtues which we regard as characteristically British, and it will be understood that no parent, who can afford their charges, would lightly determine to prevent a son destined for a business concern from entering a public school and passing from it to a university, and send him instead to a commercial college.

If we are to keep our place, our supremacy, in the business world, we must not lose sight of the necessity for higher business education. Our rivals have seen the importance of it and have reaped enormous benefits from the steps which they have taken. We cannot afford to lose our inheritance of great educational traditions by replacing it by any Continental system, but it is our very urgent duty to make those reforms which are necessary to our national prosperity.

XII

FALSE ECONOMY : A POST-BELLUM DANGER

THE gigantic scale of national expenditure necessitated by the war carries with it a grave danger to the business and industry of this country, which does not always receive sufficient consideration. This danger is that of an outburst of panic economy after the war.

The war will leave us with thousands of millions added to our National Debt and with an enormously increased burden of taxation. The money needed to carry on the war has been voted ungrudgingly, and the new taxes have been willingly and cheerfully paid, because the necessity was so clear that no one could fail to realise it. But once the war is over there will be a natural and quite legitimate call for economy to enable us to recover from the strain ; and there is a danger lest other kinds of national expenditure, the need for which is no less real, but is less universally obvious, should be allowed to suffer.

There are three classes of expenditure in which it is particularly important that no false ideas of economy should be allowed to hamper the action of the Government.

In the first place, there is our duty to save disabled soldiers from suffering or from the stigma of charity, and to do all that is possible, by expanding the work of the Labour Exchanges, by extending the period of demobilisation, by carefully prepared schemes of settlement on the land, and by assisting and controlling emigration, to provide for the reintroduction of disbanded men into civil life. This is not only a necessity for avoiding working-class resentment and unrest. It is a debt of honour which the nation will demand to pay in full.

In the second place, there is the question of social reforms. Such matters as housing and sanitation have not only a social but a business aspect. The commercial supremacy of this country depends above all on the physical and mental efficiency of its people, and in the days of strenuous competition which we can foresee, money devoted to promoting these ends will be more than ever well spent. The clearing of slums, the erection of decent and healthy accommodation, the provision of open spaces, the assurance of a fair standard of life, are all questions which touch the national conscience

nearly. They are also questions of the utmost importance to our industrial and commercial future.

Thirdly, there is the whole question of business efficiency. The war has brought home to us the necessity of encouraging scientific research in connection with the processes of manufacture. If we are to recover and retain trades which have been hitherto in German hands, the first step is to engage the best brains in the country in the task of invention and development. We want every possible facility both for the actual work of research and for the training of highly-skilled men, such as chemists and electricians, to supervise the work of our factories.

This brings us to the whole question of vocational and technical training. Great as have been the strides made in recent years, there is still much to be done before we can say that we have accomplished everything possible for the equipment of our workers, and if, as is generally anticipated, foreign competition after the war will be even keener than before, we must lose no time in putting the machinery in motion.

It is, perhaps, not fully recognised how close is the connection between general and technical education. The work of our primary schools is

not merely to impart instruction, but to foster intelligence and character, to ensure that boys and girls who come of age to receive direct business training shall be keen, alert, and quick at learning. To save money at the expense of efficiency in any part of our educational system would be to inflict upon ourselves a fatal handicap.

It is doubtful even whether certain economies effected during the war have not partaken too much of the nature of mortgaging the future to be really sound, but in the early days of peace, when we are faced at the same time with the necessity for retrenchment and the tremendous task of re-establishing our commercial position, it will be particularly necessary to see that these matters are not overlooked.

We need to realise very clearly just what economy means. Economy is not merely a question of saving money. It means avoiding waste, spending wisely, getting good value out of the resources available, whether in men, material, or money. The war has shown that the nation is capable of great exertions. It would be worth while to continue those exertions in order that we may spend money freely on the organisation of national efficiency. Such expenditure would be a sound, remunerative investment, for in the long-run it is only

by increasing the business capacity of the nation, by improved education, improved technical training, the utilisation of scientific skill, and the proper organisation of selling methods, that we can pay for the war and put our financial position on a sound basis.

PART II
THE FACTORY AND THE WORKER

I

THE GREAT OPPORTUNITY

IT is agreed on all hands that the period immediately following the war will hold grave difficulties and dangers for British trade. The war has caused a general dislocation involving the practical suspension of some industries and unprecedented activity in others. The drain upon our resources and the heavy taxation which must remain for very many years as a legacy of the war will constitute a serious handicap to development. The problem of finding immediate employment for demobilised men will be a complex and difficult one. The loss of many skilled workers through casualties and possibly through emigration after the war, will not easily be made good. Foreign competitors will be doing their utmost to take advantage of the trade revival. A brief sketch of the situation which we shall have to face, and of the urgent need for industrial and commercial effort which it will impose upon us, will be found in the second article of this section.

Nevertheless, there is another side to the picture. While it is necessary that we should recognise the difficulties of the situation, there is nothing to be gained by encouraging pessimism. We want to face the future, not in a spirit of easy optimism, but in one of steady determination. We must keep alive after the war the resolute devotion to national interests which has been displayed during the great struggle. The "will to conquer" which is so important an element of military success is just as important in trade. And though no one wants to sentimentalise over business matters or to pretend that business men are not carrying on their work for profit, it is really the fact that the maintenance of our trade in peace is just as important a national interest as its defence in war. For when all is said, it is by the fruits of our trade that the mass of our people are fed and clothed and housed, and the hope of any improvement in existing social conditions must depend ultimately upon the general prosperity of the country.

In this spirit we should look on the position arising on the signing of peace as a great opportunity for British industries.

The war has affected the prospects of our factories and workers for good as well as for ill. If it has dislocated trade and forced up

prices, it has also opened to us new markets and given a strong impetus to industrial reforms.

The cutting off of German communications by our fleet and the consequent exclusion of German goods from the world's markets during the period of the war, has given us a rare opportunity to recapture trade which German competition has torn from us in the past. It is true that American traders have been keenly following up the openings presented, and that the absorption of so much of our own energies in the manufacture of war material has limited the extent to which we could push our exports. Nevertheless, the opportunity has been a remarkable one, and there is plenty of evidence that it has not been lost.

Nor will this advantage disappear immediately on the signing of peace. In the home markets, in those of the Overseas Dominions and of our Allies, there will, for many years, be a strong prejudice against goods of German and Austrian origin. Whatever fiscal arrangements may follow the war, we shall get the benefit of this sentimental preference. It would be easy to exaggerate its value, for in the long-run trade will always go to those who can produce the best and cheapest goods. But, provided our manufacturers and traders are quick to take ad-

vantage of it, to study the requirements of the markets concerned and to make their goods widely known in them, it will serve as a spring-board from which we may take a big leap forward.

In a lesser degree, this advantage will extend to neutral countries. Many of these have been cut off from intercourse with Germany throughout the war. Some have been deeply offended by the high-handed manner in which the neutrality of their flag and territorial waters have been treated by German ships. In all these countries we shall have an excellent opportunity to develop and extend our business connections.

That there will be a vast number of orders to be obtained cannot be doubted. The work of restoring the districts devastated by warfare in the struggle, will make large demands upon the world's industrial resources. There will be many orders coming forward which have been held up during the war by the simple impossibility of getting them executed while so much of the industrial energy of the world was absorbed in carrying on the European struggle. The sheer relief from the nightmare of war will encourage enterprise and development.

Four examples of trades which we have in part lost and which we shall now have

an opportunity to regain will be dealt with in subsequent articles. They are, of course, only four out of many. They are not, perhaps, the most important. But they will serve to illustrate effectively the kind of effort which will be necessary if we are to take full advantage of the opportunities open to us. Every branch of trade and every market has its own special requirements; but there are certain broad principles relating to the methods to be adopted which are common to all.

The war has also acted as a challenge to our business men to put their house in order. The need for more thorough national organisation, for greater encouragement of education and research has been dealt with in Part I of this book. But there is also a need for internal reforms in the conduct of our industries themselves. The "Factory Exodus," dealt with in Article 7 of this section, is merely a single example of a large group of questions relating to the avoidance of waste in time, money, material or labour, and the attainment of the utmost efficiency in plant, machinery, and methods. In order to play the part which we desire in the world's trade, we need to study more carefully than we have done in the past the many problems of geographical situation, transport, and scientific production.

With the consideration of "Limitations of Production" (Article 8) we come to the biggest of all industrial questions,—the relations between employers and employed. Strikes, lock-outs, restrictions in production, the cutting of piece rates, and all the other manifestations of the long-drawn-out conflict between Capital and Labour, arise from a presumed conflict of interests which is at most only partially founded on fact. The paramount interest both of employers and employed is the prosperity of British trade, and this can only be obtained by a genuine co-operation between the Capitalist, the Manager, and the Workman. Here, too, the war should give us a great opportunity. The pressing necessities of the industrial situation should produce a real desire on both sides to put aside past prejudices and hostilities and combine their efforts for the purpose of attaining greater industrial efficiency. Concessions may be called for on both sides; but the benefits to be derived by all classes from a cessation of industrial friction would be incalculable. The final article of this section contains a hint as to the necessity of a change in the attitude of mind of the general public in approaching labour questions, which is a necessary factor in producing these results.

II

THE INDUSTRIAL OUTLOOK

IN view of the great importance which attaches to the question of post-war trade, it is important that we should not fail to take into account as far as is possible the very exceptional circumstances which will prevail for some time after the signing of peace. No useful contribution can be made to the solution of the problem of the future without a careful study of the facts of the situation.

First, and most obviously, we may assume that the stimulus to internal trade represented by war demands will be removed. The thousands who have been employed in making munitions, guns, transport wagons, or uniforms, will have to return to their old trades. The Government orders will cease, or will be greatly reduced, and they will depend for continued employment upon the revival of the normal demand. At the same time, the men of our civilian armies will begin to return to the labour market. Many employers are under a binding

promise to reinstate those of their men who have joined the Colours. The readjustment necessary to meet these two contingencies must include, first, the adaptation of special machinery to normal requirements, and also the discovery of demands in the world's markets sufficient to provide employment for possibly enlarged staffs. Besides the problem of the reinstatement of the returning soldiers, employers will also have to face the problem of dealing with that labour which during the war has replaced the soldiers. The new women's labour, which has been so extensively drawn upon as a temporary expedient, will have to be considered as a permanent factor. While a great deal of new plant has been erected for war purposes which can be adapted to industrial requirements, it will probably be found that the plant employed in other branches of industry has, to a large extent, suffered from the suspension of expenditure on repairs and renewals. While these internal questions are engaging the attention of business men it will be found that we are feeling more acutely the sting of competition in foreign markets. At the same time we shall be saddled with a National Debt unparalleled in the history of nations, which will necessitate the highest possible rate of taxation.

Without assuming the pessimism of a pro-

phetic almanac, we may be confident that unless these matters have been carefully and thoroughly considered beforehand, they will not be satisfactorily dealt with before considerable misery and anxiety have been suffered. We can avoid that misery in one way only. The issue is a perfectly clear one, the aim definite and easily expressed—to provide sufficient work and sufficient wages to maintain a normal and even prosperity among the British people. Without it we cannot ensure the moral and material well-being of those future generations for whom we have been fighting, nor can we keep unimpaired those ideals for which so much precious human life has been given. The health of the individual, his education, his bodily and mental vigour, depend to the greatest possible extent on his capacity to provide himself with his fair share of the necessities of life. The State is saddled with the responsibility of seeing that those necessities with which he cannot provide himself through his own efforts should be made up to him.

The bankrupt may enjoy a mournful satisfaction in jingling the ha'pence in his possession and exchanging the coins from one pocket to another; but he does not thereby become the richer. The wealth which has been spent on the war has, for the great part, disappeared in

unproductive expenditure, and we have only one course by which we may restore our old position—we must work for others. We must restrict our consumption of goods and invest our savings in productive industries. We must increase our output to the greatest possible extent. We must build up our export trade by every means in our power, aided by an acumen and an enterprise exceeding that of our rivals. Great Britain must remain the greatest workshop of the world, selling its stock in the markets of the world, and receiving in exchange the wealth necessary to its existence.

How this result may best be achieved is a matter so urgent that not a day should be wasted in giving thought to it. Every business man, who is not called to other national service, should be making plans and adding to his knowledge against the time when he can increase his foreign trade. It is not only a question of adding to his personal wealth. That may be an incentive, but it should not be the whole incentive. Every new customer in foreign markets, every order from a foreign source, increases the available employment for the British people.

We have the inherent capacity, we have the opportunity, we have the tradition, the reputation, and the goodwill, but all these qualities

must be fertilised and rejuvenated. There is no need for despair; the underlying principles of British business—workmanship, honesty, and courage, together with industry and persistence, are all of them almost vividly obtrusive.

But everything depends on a clear recognition of the special conditions which will exist after the war. Besides the cessation of war orders, there will almost certainly be a reduction of internal consumption of home-made goods. Higher taxation necessary to pay for the war will automatically reduce expenditure on many luxuries. There will also, for a certain period, be a necessity to restrict as much as possible the consumption of goods, in order that the resulting savings may be applied to renewing and extending our plant, improving our means of communication and transport, and replacing the wastage of capital caused by the war. The only way by which we can maintain a reasonable level of profit for our manufactures and avoid the danger of unemployment or low wages for our workmen, is by a vigorous effort to cheapen production by the elimination of waste and the adoption of improved methods, and to extend our export trade in those markets which have remained unaffected by the war, or, like America and certain other neutrals, derived a profit from the necessities of the belligerents.

III

INDUSTRIES TO BE REGAINED

I. COTTON HOSIERY

PROMINENT among the industries in which, during recent years, German competition has been severely felt by British manufacturers is the manufacture of cotton hosiery, especially stockings and socks. In 1912 Germany exported these goods to the value of £3,319,000, the United States being her best customer and the United Kingdom her next. It hardly seems credible, but yet it is a fact, that in 1913 this country only exported £199,000 worth of the same class of goods; so we have a good margin on which to work. It was not always so. Not many years ago British manufacturers did a much greater proportion of this trade; but gradually the Germans have been encroaching upon our markets. For instance, His Majesty's Trade Commission in Canada, speaking of 1910, says: "Many of the orders that formerly went to the United Kingdom are being placed

in Germany," and similar testimony from other quarters could easily be quoted.

However, we are not going to cry over spilled milk. Our business is to regain this trade, and now is the time to do it. The desire to capture an important branch of the enemy's trade is a sufficient reason for making a strenuous effort in this direction, but there is also another reason which should be mentioned. Since the war broke out our hosiery manufacturers in Leicester and Nottingham have had a run of remarkable prosperity. Army orders have poured in upon them to such an extent that they have been denuded of stock, even in some cases of stock which they have had for years, and they have had great difficulty in coping with the increase of business. To meet this big demand many of the manufacturers have laid down additional machinery, and they will want to keep this employed when the war is over and when Army orders have ceased.

The reasons for the German control of these markets are well known to most of us. Take Canada, for example. In 1912 Germany sent to that country cotton stockings and socks valued at £118,000, these being mainly the finer grades, and our Trade Commissioner says that "the finer qualities of British goods

are difficult to find." He draws attention also to the high prices charged by our merchants and to the inadequate commission paid to the agents, a complaint which is echoed by our Trade Commissioner in South Africa. The use of a particular dye which is absolutely fast is given as a reason why the Australians preferred German cotton hosiery to British, and, moreover, the German goods have a softer finish, and are, therefore, more comfortable to wear in a hot climate. Then we are told the familiar story of the determination and thoroughness of German commercial methods; how they study the needs of their customers, give prompt delivery, distribute samples in liberal fashion, and so on.

It may be assumed that British manufacturers are making good their deficiencies in these respects, but they will have to go a step or two farther if they wish to do a really big business in these goods in the markets of the world. Let there be no mistake about it; there is an enormous business waiting for them. In this world some hundreds of millions of people wear stockings or socks, and we can easily look for a trade of £5,000,000 a year, instead of the £3,000,000 done by the Germans. Let us capture the German trade by all means, but let that be only a beginning.

After this it seems rather a commonplace to say that the British manufacturer must make his stockings and socks known, but that is just the bare truth. He has, we may safely assume, a good article, and he is fully alive to modern methods of manufacturing and distributing it. Very well, let him proclaim its goodness from the housetops. It is impossible to lay down hard-and-fast rules about methods of advertising, for these must vary very much indeed between one country and another, but in some way our British stockings and socks must be advertised. In many parts of the world there is to-day a marked preference for British goods, and the manufacturer who wishes to take advantage of this sentiment will not be content with just stamping "Made in England" on some obscure part of the article. He will make its British origin known much more forcibly than that.

Now, of course, the articles of which we are speaking cannot be advertised merely as stockings and socks, or even as British stockings and socks. Something much more distinctive must be added to them. Why not brand them as tobacco and corsets and patent foods are branded? Let an enterprising manufacturer, having a really good article to sell, give to it a distinctive name, advertise it

freely all over the world, and so create a demand, not for stockings and socks in general, but for his particular brand of stockings and socks. Then people will begin to ask for them, just as they ask for Navy Cut or Bovril. They will no longer ask in the shops for a pair of stockings or two pairs of socks, but for Tupman's stockings or "Pickwick" socks.

To sum up. The German trade in cotton hosiery may be regained and a much bigger one created. For this the conditions are particularly favourable to-day for the British manufacturer, but it will not be regained without an effort and without some adaptation to the special needs of the time. Why should it not be a big effort and a big change? Something on the lines suggested would fulfil these conditions, and would not only help us to regain the foreign and Colonial markets, but would protect and enlarge the home market.



IV

INDUSTRIES TO BE REGAINED

II. CHINA AND EARTHENWARE

IN this class of goods, even more perhaps than in cotton hosiery, we are dealing with articles which are in universal demand. Every household in the civilised world, however humble, uses plates and cups and dishes of one kind or another, and it is equally true to say that every household must continually replenish its stock of these articles. The trade in crockery, earthenware, and the like is one which is bound to continue and to expand. With it the vagaries of fashion can interfere but little, for however far we may go in quest of the simple life, it is highly improbable that we shall get as far as to give up using these articles. On the contrary, it is an industry which is certain to expand as civilisation and culture extend. It is a "necessity," not a "luxury" trade, a safe investment rather than a speculation for the manufacturer.

It is certain that during late years Germany and Austria-Hungary have been doing a considerable trade in crockery which formerly came to this country. For instance, in South Africa, between 1906 and 1912, the Germans increased their percentage of this trade from 21.75 to 23.10 per cent. ; and in Australia, between 1910 and 1912, the British proportion of the trade done declined by $5\frac{3}{4}$ per cent., while the German proportion rose by $5\frac{1}{2}$ per cent. In January 1912, Germany exported crockery, earthenware, and chinaware to the value of £3,586,000, while Austria-Hungary added to this another £873,000. Against this total of nearly £4,500,000 we may set the exports from the United Kingdom, which in 1913 reached a total of £2,527,000.

To-day, with all Germany's exports cut off, this trade of £4,500,000 a year, or at least the greater part of it, is just asking British manufacturers to take it over, and to keep it when the war is over. Of Germany's foreign customers for crockery and earthenware the United States was the largest, while France was another good one. The countries of South America, especially Argentina and Brazil, took a large quantity of German ware, and here again is a market closed to our foes and open to ourselves. The same may be said of Italy

and the East Indies, while we must not forget the home market which the Germans have been invading to the extent of about £400,000 a year.

Let us see how the Germans captured and retained this trade, and then take a lesson from their methods. As far as Australia is concerned, we are told that "their designs and decorations are newer and more up-to-date," and both there and in Russia the comparatively high price of British goods is mentioned as hindering their sale. Again, the Germans seem to understand more about packing these goods than our people do. For instance, our Trade Commissioner in South Africa says, "The method of German packing enables them to import with the minimum of breakages, to handle the goods without trouble in their own stores, and to break up packages and repack with facility when supplying up-country store-keepers." This reduction of breakages to a minimum is, of course, a great consideration to the buyer who has to pay for goods broken in transit.

In one or two other ways German methods of handling this important trade are said to be superior to British ones. The German manufacturers standardise their crates, and, moreover, they have made a speciality of supplying,

at a very slight charge for the extra labour involved, crates containing a smaller quantity of goods than those usually exported ; for these there is an increasing demand, notably from the country storekeepers in South Africa. Further, the Germans send out more samples and newer price lists, and they quote prices which include packing, crates, railage, and loading charges ; while their British rivals content themselves with giving the price "at the works." The former method is obviously much more convenient to the busy merchant. Finally, the German crockery is said to be lighter than the British, an advantage when carriage by weight has to be considered ; while German manufacturers can deliver more promptly because they make more generally for stock than do British manufacturers.

To pass from the general to the particular, the Trades Commissioner in South Africa expresses the hope that his report "may lead some enterprising United Kingdom firm to take up the manufacture of cheap crockery and capture from Germany a trade which the manufacturers of that country have held uncontested for a long period." He says that any such firm would have decided advantages in its favour, and he mentions the chief of these in a paragraph which may be quoted :

“ In the first place the buyers in this country (*i.e.* South Africa) prefer to handle British goods, provided, of course, foreign trade terms and conditions are not more attractive. Then there is a rebate of 3 per cent. on the Customs duty granted in favour of goods manufactured in the United Kingdom. Moreover, all European buying for South Africa is done from London and other United Kingdom centres, and these buying houses reflect the preference for British goods, which is, generally speaking, entertained by the merchants of South Africa, subject, of course, to the condition already alluded to.”

The business man does not, as a rule, put much faith in sentiment, and in this he is wise ; but from now onwards he may count on a marked preference for British over German goods in most parts of the world, and of this we hope and believe that he will take the fullest advantage.

V

INDUSTRIES TO BE REGAINED

III. LACE AND LACE CURTAINS

FEW business men in this country, it is safe to say, know more about German competition than the lace manufacturers of Nottingham and the neighbourhood, for since about 1880 they have been painfully aware of the great development of this industry at Plauen and other places in Saxony. In 1912, for instance, Great Britain and Germany each exported about the same amount of lace goods, something over £5,000,000 in value; but thirty years ago German exports were negligible, while the British were something like £3,000,000 a year. We have increased, but our rivals have increased more. In Ceylon, to take an example, we are officially told that in 1911 Germany supplied 33 per cent. of these goods, against only 8 per cent. in 1906, and figures from other parts of the world show similar results.

This German progress is due, we are told, to the energy with which these goods are pushed by the numerous travellers. Not only are their prices considerably lower than those of Nottingham goods, but German manufacturers take orders for small quantities which are refused by British manufacturers. However, in Canada, we are told by His Majesty's Trade Commissioner that our improvements in manufacture are enlarging sales, and the general stimulus to energy and enterprise given by the war should lead to a great extension of this process.

To-day Germany cannot export lace goods, but Great Britain can, and our merchants and manufacturers are no doubt making good use of this plain fact. But, says someone, lace is a luxury, and we are being told on all sides that we must curtail our expenditure on luxuries, and the lace manufacturer, like many others, must suffer for the general good.

It is true that lace is a luxury, and that we must all spend less on luxuries, but nevertheless it is not necessary that the manufacturer should suffer. The keynote of the present economic crisis is surely adaptability, and if those engaged in the lace trade adapt themselves to the changed conditions around them, they will not suffer, but rather the reverse.

Fortunately, nearly all the chief markets for lace goods are countries which are untouched by the war, and to these our manufacturer should turn his attention. Owing to the war, a vast amount of money has poured into the United States, and it is quite certain that that country is entering upon a period of great prosperity, and the Americans are not the people to stint their expenditure on luxuries at such a time. In 1913 this country sent lace goods of the value of over £1,300,000 to the States, and Germany sent rather more, so that if every other market were closed, the British manufacturer, with Germany out of the running and expansion probable, would have no reason for despair. This alone would almost keep his machines going, but other markets are not going to be closed. Lace and lace goods are worn extensively in hot climates, and among the countries which buy largely from Great Britain are Argentina and Brazil, in both of which Germany has been doing a considerable trade. The smaller countries of South America are also good customers, whilst Spain and Portugal should be mentioned. In all these, we may reasonably expect to maintain our trade, and to capture some of that lately done by Germany. Then, in spite of the most rigorous economy, something—a

good deal—will certainly be left of the home market. In 1912 Germany sent lace goods to the value of over £1,500,000 into this country. This market should be recovered and held against all future attacks. The general conclusion is that, in spite of certain obvious handicaps due to the war, the outlook for the lace manufacturer is very promising, and he has only to take prompt advantage of his opportunities by adapting himself to the changed conditions.

An important branch of the lace trade is the manufacture of lace curtains. Theoretically, lace curtains are a luxury, but for all practical purposes they are a necessity, and they are certain to remain so. They are seen in every home, and we can truly say of them that they are in universal demand, for even in the very poorest quarters nearly every window has over it a curtain of one kind or another. Here is a trade capable of great development at home, and still more, perhaps, abroad, and in this connection one may repeat the suggestion made in reference to cotton hosiery. This is that manufacturers should consider the possibility of branding their curtains, and of advertising and selling them under their own name, or under some recognised trade name. Why should not “fleur-de-lys” or “Europa”

curtains be known to everyone and on sale in every shop? To do this would not be very difficult for an enterprising manufacturer. As everyone knows, a new design in curtains can be registered and so protected from imitation on payment of a small fee, and an extension of this system is all that is necessary. Let the particular brand of lace curtains be judiciously advertised and a demand created for it, and we may feel confident that the results will be satisfactory.

It is in this way that British manufacturers can meet German or any other foreign competition in the future. Without something of the kind they can hardly take advantage of the preference for this country's goods which will certainly exist in many parts of the world when this war is over. An unknown British manufacturer can label his curtains "Made in England," but so can his foreign rival. To counter this successfully, he must abandon his anonymity and advertise and sell his goods under his own name, or under some recognised trade name, thus creating a name or a mark which everyone knows is British.

VI

INDUSTRIES TO BE REGAINED

IV. PAPER AND CARDBOARD

THE cheapness of the daily paper is one of the wonders of the world. Take, for instance, *The Daily Telegraph*, which, containing as it does anything up to twenty-four full pages of reading matter, collected regardless of cost from all parts of the world, is delivered at our doors every morning for a penny. This may help us to realise how cheap paper—the raw material of the newspaper—is, and what an enormous quantity is turned out for £1,000,000. Yet the paper trade runs, not to one, but to many millions a year, and so we are now dealing with a very big industry.

Although we are living in the midst of an economic revolution, there is no sign whatever that we are giving up the habit of buying and reading newspapers and books, especially the former, or, indeed, are using less paper in

any other way, whether packing paper, wall paper, writing paper, fancy paper, or any other kind of paper. Indeed, the signs all point in the other direction. The restrictions imposed on the importation of wood-pulp may have led to temporary economies, but their effect is not likely to outlast the war. Here is an industry about which we can talk with complete confidence, for, whatever happens, it is going to grow.

In the manufacture of paper the Germans have been very successful, and before the war they had obtained a footing in all the big markets of the world. In 1912 they exported paper, cardboard, etc., to the value of £6,000,000, and their total production of it was estimated at something like £20,000,000. Of their exports, £1,300,000 were sent to this country, while some went to various parts of the British Empire, especially India and Australia. The United States, Argentina, Switzerland, and Brazil all took a good deal of German paper, and so did France, Belgium, and Holland.

We cannot deny that the Germans have been very persevering in industrial matters, and nowhere more so than in the making of paper. When, in the fourteenth century, that industry was introduced into this country it

was an "art," and the makers enjoyed certain special privileges, one being the right to collect all the rags in certain districts. The invention of machinery gave a great impetus to the manufacture, and then came the valuable discovery that other materials besides rags—vegetable fibre, and straw and wood-pulp—could be used for making paper. Forty years ago the Germans, adopting the process of an American inventor, began to devote their chemical genius to the production of material for manufacturing paper scientifically. By these and other means they got a good grip of the world's paper trade, and became very serious competitors to the British makers, both at home and abroad. Against their exports of nearly £6,000,000 we could, in 1913, only reply with something under £3,000,000, and we are told by our Board of Trade that "particularly in the western European markets, Switzerland, Spain, Italy, Russia, Brazil, Argentina, United States, Mexico, and Cuba," the position of the United Kingdom is generally inferior to that of Germany; while it is perhaps more surprising to read that in Italy, the Balkan States, Turkey, and Egypt, "our position is markedly inferior to that of Austria-Hungary." Most of the paper used in Egypt for making

cigarettes is, or, rather, was, supplied by Austrian makers, who also provide the Turks with the same material.

The Board of Trade expresses the opinion that the trade in paper and cardboard which British manufacturers should attempt to capture is worth nearly £6,000,000 a year. To use their own official words, this trade "might be diverted to British manufacturers at the expense of their German and Austrian rivals." Of this £1,300,000 is home trade, and the balance is trade done by the Germans and Austrians in Colonial and neutral markets.

To secure this trade, or the greater part of it, a big effort is necessary, but for this the times are very favourable. In Egypt there has been, on the part of British manufacturers, but little attempt made to study local conditions and to offer the cheap inferior qualities so much in demand. In Australia our makers do not appear to have been holding their own in recent years, and we are told that their share of the trade in printing paper fell from $41\frac{1}{2}$ per cent. in 1910 to $36\frac{1}{2}$ per cent. in 1912, "owing to the competition from the various countries interested, which included Germany." For every pound of butter paper which New Zealand bought from this country she bought 2 lb. from Germany. Before the

war Germany sent a good deal of paper to Japan, especially packing paper and imitation Japanese and tissue paper. In producing imitation Japanese paper the Germans could beat the Japanese themselves, for we are told that "the quality of the Japanese goods is not yet quite up to that of the foreign product." The above are only isolated instances, but they do, at least, offer some idea of the nature of the markets which the British may capture if they will.

To give a concrete instance, there seems to be an excellent opening for trade in Canada. Manufacturers anxious to share in it should institute a thorough canvass of the provinces—not merely the large cities, but the small towns and villages as well—by a representative, preferably a resident of Canada, who devotes his whole time to the work, and who is not to be daunted by one or two rebuffs. Further, it would be well in quoting prices to include the duty.

This excellent piece of advice, which comes from Kingston, Ontario, is applicable to other countries besides Canada. It is by careful attention to such details of local trade and local requirements that the Germans have taken our trade in the past and that we may recapture it in the future

VII

THE FACTORY EXODUS

THE movement of factories away from Central London is a marked development of to-day. They are being squeezed out by the natural pressure of the laws of business efficiency. Summarising the chief physical requirements of a profitable manufacturing plant, these are :

Facilities for transportation.

Easy access to labour.

Easy access to selling market.

Space for expansion.

Low rent.

A Central London position must clearly be handicapped on three (or possibly on four) of those necessities. The rental charges are heavy because of the high value of land in the heart of a great city. Expansion is, in many cases, out of practical question. Transportation charges are heavy because no railway siding runs into the factory.

It is not difficult to foresee that the unsuit-

ability of the City for works and warehouses will soon be widely recognised. Several large printing and bookbinding works, for instance, have already abandoned their cramped, old-world alleys in favour of sites where space is more generous, light and ventilation are better, and rents are lower. The producing plant goes to the suburbs or the country, and a central selling-office is retained in the City.

Most of the railway companies can offer excellent sites at low rentals either in suburban London or in manufacturing centres under development within easy distance of town. They are, of course, perfectly ready to run sidings to any new factory built on their lines, and to give that technical advice on railway rates for raw material and finished goods which is so highly important in the strategic locating of a manufacturing plant.

Some of the companies go further in their desire to help the business man. A striking instance of a railway company with a London terminal has come to our notice, and it is highly suggestive of the business methods of a railway managed on modern lines. A certain firm of large contractors had their premises in a district far from the company's line, and, in consequence, the bulk of the firm's traffic was conveyed by road, without any possibility of

the company receiving any revenue from it. The railway people suggested that the firm might profitably migrate to one of their yards, and that part of the yard could be set aside for the firm's use—a scheme which not only offered a siding connection, but also facilities for electrical power both for haulage and lighting purposes.

Other companies near London are ready to offer cheap electrical power as an inducement to manufacturers. Instance the Metropolitan. They have an area of forty acres to offer at Neasden, adjoining the main line, besides other land at Pinner, Chesham, Stoke Mandeville, and Aylesbury. At Neasden they are ready to supply electrical power at low rates in order to encourage factory building. Neasden, in railway parlance, has "a London rate" for the transport of goods to and from the Midlands and the North—a point of considerable advantage. Places nearer the North, and outside the London area, would have to pay higher for transport.

The Great Northern system offers three excellent points for factory building within easy reach of London. One is New Southgate, which, like Neasden, enjoys "a London rate." It is not in great demand for residential purposes; but for manufacturing it fulfils all the five essentials noted at the head of this article.

Letchworth Garden City is ideal for a factory which need not be within arm's-length of London. As a help to small manufacturers, the town has erected buildings on the "hive" system, which can be let off in units for factory use.

The third area is the land between Luton and Dunstable, themselves manufacturing centres, an exceptionally suitable district for firms which contemplate moving out from London.

On the London and North-Western there are many excellent factory sites within easy distance of London and other important commercial centres. At Willesden, Wembley, Harrow, and Watford, for instance, exceptionally attractive positions are available for manufacturers desirous of combining the advantages of the London area with all the facilities offered by the proximity of a great railway system. And as the line intersects some of the greatest industrial centres in the country, it will be realised that on the London and North-Western Railway there is an abundance of choice for those who seek convenient positions for factories and works of every description.

The Great Eastern can offer many sites at very cheap rentals in agricultural Essex and

East Anglia. The Ipswich district, for instance, enjoys a considerable advantage for certain trades through its proximity to Harwich and the Continental connection with Hook of Holland.

In London itself there is a new manufacturing area under development on the south side of the Thames. The Duchy of Cornwall and other far-sighted landlords have rooted up the unsavoury Stamford Street district, and between Blackfriars Bridge and Westminster Bridge building operations of considerable magnitude have been proceeding for the past couple of years. The completion of His Majesty's Stationery Office, the building of the new London County Council Hall, the migration of some important printing and other firms to this locality—all these have contributed to a most radical change in the character of the district. It is being steadily transformed to an extensive and valuable business district, with modern streets and spacious new works and offices.

Rent is in many cases 2s. per square foot or more below rents in Central London on the opposite side of the river. Transportation charges are comparatively low because of the network of railway goods lines. Labour is close at hand. London as a selling market

lies just across the river. There is elbow-room and space for further expansion.

Undoubtedly the South side offers very considerable advantages to those manufacturing and warehouse firms who must of necessity keep themselves within the confines of London proper. But the right choosing of a factory site depends on so many considerations that those possessing expert knowledge should be consulted.

VIII

LIMITATIONS OF PRODUCTION

AS a first step towards increasing our manufacturing productivity as a nation we must consider the productive capacity of the worker and the steps which may be taken wherever necessary to remove any restrictions upon it which may exist.

First among the considerations that enter into this subject is the physical strength of the worker and his power of enduring prolonged exertion. Generally speaking, it may be said that British workmen are possessed of a physical strength of a high standard, which will be increased in the aggregate by the training which many of them have undergone during the present war. In view of the fact that our victory in the trade contest which will follow the war will depend to a great extent on the physical fitness of the worker, it is of business as well as of social importance that consideration should be given to such reforms as the substitution of hygienic for unhygienic sur-

roundings, the provision of opportunities for physical exercise, and the inculcation of regular and healthy habits.

These reforms are associated, however, with a problem which demands an instant and practical solution, the necessary improvement of our educational system as it affects the working-classes.

Enthusiasm is impossible without knowledge, and if there is an attitude of mind which more than any other has been responsible for the shortcomings of British industrial workers, it is lack of enthusiasm. In Germany, in America, and, indeed, in nearly every other country but our own, commercial training is established on a proper footing and recognised as an essential part of national education. When we accuse the British workman of lack of industry, of listlessness, of narrow-mindedness, and of imperviousness to new ideas, we should remember that the fault lies largely with those who have neglected to provide him with the opportunities for acquiring that knowledge which will alone give him the key to the true significance of the work upon which he is engaged.

In Great Britain, as we very well know, the education of the worker is confined to the smattering of theory which may be learnt in

evening classes and technical schools, to the practical experience which may be acquired during apprenticeship, and to the teaching of isolated commercial and industrial colleges conducted by private enterprise. The average employer offers no particular encouragement to the worker to increase his knowledge, and the trade unions, if not in principle at least in practice, discourage any attempt on the part of workers to rise above a dead-level of mediocrity. Never at any time in the nation's history was the need for a properly co-ordinated system of technical education so sorely needed and so earnestly to be pleaded for.

This and a more intelligent co-operation between employer and employed are the two chief reforms which may appreciably increase the productivity of workers in this country. Years of suspicion on the part of the employer, years during which the worker has grasped every possible advantage grudgingly surrendered by capital, have established a barrier between capital and labour which prevents any proper co-ordination of interests between the two departments. During these years the trade unions have imposed a code of complicated laws protective in their origin and restrictive in their operation. The trade unions have gained many advantages for the worker. That their

protection was necessary in the interest of labour cannot for an instant be denied ; but in their latter-day operations they are responsible for many defensive measures which tend to limit the production of the country, while they are designed to limit the profits of the employer. It is to be hoped that such restrictions may be removed by the intelligent co-operation of capital and labour, that the employer may make almost any sacrifice to remove the suspicion upon which they are based, that the trade unions may come to see how very seriously their policy is hampering that enlarged production upon which the future commercial supremacy of this country must depend.

The policy of trade unionism tends to limit the production of the individual. Whatever justification this policy may have had in the conditions prevailing before the war, a great effort must be made to pave the way for its removal. If any portion of the power of a nation, that is, of its people, is subjected to any artificial restraint on its own development or capacity, that nation is obviously the loser, and is less a world-power, as the result of such restrictions and restraints.

In this connection it may be noted that trade unionism has widely resisted the employment of women in those occupations formerly filled

by men. Temporarily, under present circumstances, it has removed its ban, but only after a guarantee has been given in many cases that the employment will cease after the war.

It is vitally essential to the development of British Business that employers and trades unions should work in close co-operation, and that an agreement should be arrived at which will enable these restrictions on output to be removed without prejudicing the position of the workers. The value of any manufactured article is determined entirely by the quality of the labour which is brought to its manufacture. Goods are either cheap or dear, according to the amount of skill and energy which has been responsible for their production. The wares of this country will be purchased by the peoples of other countries because of the value for money which they represent. The value is dependent on cost, cost is dependent on the value of the work given by the workman in producing the article. Thus, if the labour of the worker is restricted, the amount paid for that labour can only have the effect of adding to the cost of the article. In engaging in any kind of international competition almost the most important consideration is to be able to offer to the foreign consumer a cheaper article than can be produced by rival countries. It is

not by any means the only consideration, but in the long-run it is the most influential in securing the trade of undeveloped or partially civilised countries. Whether, however, the aim is to produce the cheapest possible article or whether it is to produce the best possible article, the consideration of cost is primarily important. Upon it depends the possibility of selling widely and in a competitive manner.

The whole question of wages should be considered not on their face value as so many pounds or shillings given in exchange for certain hours of work, but relatively to the value of the work done. It may be possible to establish only a very rough-and-ready estimate of the cost of labour in relation to the production of many articles, but as far as possible the worker should be made to feel that his wage would increase if by the value of the work which he did he was able in any way to cheapen the cost of production.

To facilitate production and to bridge over the exceptional difficulties which will arise at the end of the war, the most earnest attempt should be made now to improve the relations existing between capital and labour. In the industrial conditions which may be expected to follow the conclusion of peace, it is possible to foresee bitter and most wasteful contention if

better relations are not previously established. The workman must be taught that every hour in which he is not applying himself to his utmost is an hour during which the cost of the article he is making is increased; and the employer must fully recognise the right of the workman to a remuneration commensurate with the work done.

IX

THE HUMAN FACTOR IN MANUFACTURE

IN this age of machinery there is a tendency to overlook the part that is played in successful manufacture, and consequently in the extension of our commercial frontiers, by the individual working man. We hear of the wonderful developments of machinery, with its almost human intelligence ; we hear of the vast influence of capital and the huge businesses it has called into being ; we hear of labour in the aggregate, especially in the form of trade unions. But we hear little or nothing of the individual workman behind his lathe, the individual weaver at his loom, the individual miner working his seam of coal. Yet our success in the commercial world is due largely to the aggregate activities of these men and those like them.

Is not much of the unrest in the labour world to be traced to this cause ? Labour looks upon itself as the one essential, and regards capital as a tyrannical anomaly ; capital regards many of the requirements of united labour as sense-

less restrictions upon output. The distracted common man, who belongs to neither camp, is deafened by the din of the conflicting battle cries, and cannot make up his mind as to the rights or wrongs of the case.

Surely the first step to clear thinking must be a knowledge of the conditions of work of the individual worker. Let us be allowed to see for ourselves what part of the work depends upon his personal intelligence, the deftness of his fingers, the co-ordination of brain and body which we call skilled labour, and how much is attributable to the mechanical efficiency of the assemblage of wheels and screws and shafts behind which he works, and which he owes to the purse of the capitalist. Then we shall be on the road to deciding for ourselves between the conflicting claims of Capital and Labour.

Unfortunately, we cannot all thus study the workman in his own environment, see him as he goes to his "job" in the early morning, watch him at his work during the day—work which is generally exacting, often monotonous, sometimes hazardous—and follow him home in the evening; but without some such careful study of his work and problems it is difficult to understand him thoroughly, and through lack of understanding we shall probably judge

wrongly when we are called upon to give an opinion upon his disputes.

There is nothing which has contributed so largely to the creation of labour unrest as the dissatisfaction of the workman with a system which reduces him to a mere cog-wheel in the mighty machine of industry. It is of the first importance that we should consider carefully and impartially the demands of organised "Labour." But it is at least equally important that the individual working man should be able to feel that he is regarded not merely as a labour "unit" but as a man with rights and obligations of his own. The employer who can introduce the note of personality into his business, making an appeal to each man's intelligence and sense of responsibility by causing him to understand something of the part he plays in the business, will get the best service. And if the general public can be accustomed to think of "Labour" as a great army of individuals, with all the imperfections, but also with all the qualities and needs of average humanity, instead of a vast, soulless machine, we shall have obtained a much better attitude from which to approach the industrial problems of the future.

PART III
THE OFFICE AND THE STAFF

I

THE BREAK-UP OF TRADITION

THE shattering of old traditions and prejudices by the effects of the war has nowhere been more conspicuous than in the City office. Women and girls who used to be restricted to the narrow rôle of the shorthand-typist have invaded every department of the office, and even found their way in great numbers into the banks. The repeated calls for recruits, and the necessity, in many cases, of doing the same work with a reduced staff, have necessitated a complete reorganisation of many establishments. Daylight Saving, which had so long been vainly urged by many business men, came in by a side track as a war economy.

On the whole, this rough shock to the machinery of business has been a good thing. The average City man is intensely conservative. There is a strong tendency for every old-established house to follow the same lines as those in which it was built up. The "custom of the

trade " acquires the force of law. The City, as a whole, is distrustful of innovations, and takes years to accommodate itself even to a new style of headgear. This steady conservatism has its good side. The continuity of traditions, the respect for precedent and experience which is so typically British, has played a big part in building up that reputation for solidity, for soundness and reliability, for combining prudence with enterprise, which is the hallmark of our finance and commerce. But while it is well to follow a tried path, it is a bad thing to get into a groove. While it is folly to despise the lessons of the past, it is necessary for the business man to be continually on the alert to note the changing conditions of the present. It was time that we should be compelled to take stock of our resources and our methods, in the light of modern necessities, and overhaul them wherever they should be found wanting.

We hear a great deal to-day of Scientific Management in Industry and its wonderful effects in increasing output. But Scientific Management is quite as important in the office. A big business house is a very highly developed piece of machinery with a delicately adjusted routine which may easily be thrown out of gear by waste or slackness in any department. Expert knowledge on the part of the heads

and thorough commercial education of the staffs are just as important as scientific research and technical training in industry.

For instance, up-to-date equipment is as necessary in an office as modern machinery in a factory. The waste of time and labour involved in the use of an antiquated filing system, with its attendant risks of inaccuracy and oversight, is as certain a cause of loss to the business as a defective or low-powered plant. There are a hundred labour and error saving devices, the employment of which will add a hundred per cent. to the efficiency of an office. A number of the more important of these are dealt with in the second article of this section, and the manner in which they can be made to contribute to the smooth working of business is discussed.

The greater part of the problem of office organisation, however, relates to the handling of the staff and the arrangement of the daily routine. In this respect the war has complicated the question by the introduction of many new factors. The effect of military training and war experience on the business employee, the very great extension of women's work in the office, are matters that will call for careful consideration in the reorganisation of staffs which must follow the signing of peace

and the disbanding of the new armies. The third and fourth articles of Part III are devoted to these questions.

The experiences of war conditions, involving working with reduced staffs, will, however, have raised also the question whether we have hitherto been getting full value in business efficiency out of those employed. This is not in any way a reflection upon the industry or capacity of the employees; it is a question of organisation. The article on "Superfluous Executives" (No. 6 of Part III) should be read in connection with that which follows on "The Dilution of Office Labour," in which it is suggested that in some cases a real economy could be effected by an increase in the size of the staff. The principle which both these articles attempt to emphasise is that we can neither obtain efficiency from the numbers employed nor economy by cutting down the wages bill. In both cases the test question is whether the work of the office is so organised as to enable each member of the staff to perform the maximum of useful service. The three articles which follow, "Don't do it Yourself," "Routine and Efficiency," "Daylight Saving and Office Hours," deal with other aspects of the same problem. They are all studies in Scientific Management as applied

to the Office ; but of Scientific Management animated by a more humane spirit and a better understanding of human values than has been revealed in some of its industrial applications.

Owing to a variety of causes into which it is needless to enter, office work has been free from the open and declared conflict between Management and Labour which has hampered industry by strikes, lock-outs, and other developments of industrial friction. But it is as true of the office as of the factory that the best results can only be achieved by genuine and cordial co-operation between Employers and Employed, and in the articles of this section the means of securing this co-operation have all through been kept in mind. The promotion of the "team spirit," the endeavour to divest office routine of its monotonous and uninteresting character, a considerate treatment of all questions relating to hours and conditions of work, will make at the same time for an improvement in the status and comfort of the staff and an increase in the efficiency of the business. The question of the commercial education of office workers is not dealt with here, simply because it has already been covered by the educational articles in Part I, which apply as strongly to office as to works employees.

The final article on "The Giving of Refer-

ences" deals with a question of business ethics which is selected for special treatment simply because it is so often misunderstood. The sort of mistaken kindness which is discussed in this article is in many ways typical of the loose and unscientific method of thought which is too often brought to bear on business problems, and the question is important just because it is typical.

In many ways the business of the office is incapable of being reduced to a scientific system with the same thoroughness and definiteness as the business of the factory. But this renders it all the more necessary for business men to think out clearly the general principles of office management, and the whole of this section is an endeavour to supply illustrations, from a business man's point of view, of the way in which this may be done. We have, we believe, in many ways the best business men and the best office staffs in the world. All that is needed to raise their efficiency to a still higher power is the introduction of that spirit of thorough organisation which is the special need of commercial life to-day.

II

OFFICE EQUIPMENT

SYSTEMS for the simplification of office routine were originally intended to be the servants of men, but in many cases men make themselves the slaves of systems.

We have known men who have installed systems of such an elaborate nature that the work involved in maintaining and operating them has made them an expense instead of an economy. But there will always be enthusiasts who fail to see the line between use and abuse.

There is one fact which must not be lost sight of by the business man. The mere details of what is termed "office routine" are sufficiently vital to receive the consideration of the brain of the business. Every proposition, whether it be a campaign for promoting the sale of a product or developing the goodwill of a business, must be viewed as a whole. Just as every bolt and nut is vital to the satisfactory working of a machine, so, in the business, every unit of the organisation, from the buying

and selling of stocks to the posting of letters, is important to the well-being of the business. The man who thinks imperially and leaves the routine of office unorganised is just as unwise as the man who harnesses himself with too much responsibility.

There are business men — candidates for neurasthenia or nervous breakdowns—who are wantonly abusing their brains. These men fail to recognise the fact that the average brain can only carry a certain load, and that if the brain is clogged with data and details of business it is not free to obey with alacrity the demands made upon it. Don't make your brain the storehouse of routine items; there are office appliances which will look after these matters more easily and accurately than you can do it. The earning, creative brain should be free of all unnecessary taxation.

The manufacture of office equipment has been so largely extended in recent years, and the business man has to choose between so many systems and types, that it requires no little thought to select just that which is best adapted to his own needs. It may be useful, therefore, to make a brief survey of some of the more popular office appliances and to indicate their special use.

DESKS

Shall the desk be of the flat-top kind or of the "American" variety with pigeon-holes and roll-curtain? This is one of the first questions to settle in equipping the office. It depends altogether upon the work of the particular executive for whom the desk is intended. The director, or the man who, whilst holding the reins of the business, does very little actual routine work, will find that the flat-top desk, with its capacious pedestal drawers, provides ample accommodation for his miscellaneous papers, and is convenient for writing. Moreover, it is an impressive type. On the other hand, those executives who have departmental responsibilities will find the roll-top desk, with its wonderful range of pigeon-holes, a valuable supplement to a methodical mind. The banker will probably find his personal needs met by a low-roll desk with but few pigeon-holes, whilst the shipper, the agent, the literary man, playwright, the costing clerk, the factory manager, and any man controlling many matters will find the high-roll desk, with its numerous receptacles, the more useful type.

The arrangement of the desk is itself a matter quite worth a few minutes' thought. A good

light, preferably coming over the left shoulder, makes a great difference to the comfort of working. A flat-top desk or table forming an L with a "roller-top" is a useful arrangement for keeping papers actually in use at the moment, ready to hand. In work requiring frequent consultation of books of reference, there should be a bookshelf which can be reached without rising from the writing-chair.

LETTER-FILING

The vital point of any letter-filing system is the ease with which one can refer to any letters it contains. The system which affords access to letters by the shortest cut is best.

Before dealing with the actual filing apparatus it will be well to analyse the modern idea on filing. We all know how, in the "good old days" of high desks, stools, and copying-presses, the method of letter-filing was very involved. Incoming letters were filed in flat trays by means of a complicated alphabetically subdivided index. Copies of all outgoing letters were taken off in letter books, and these letter books were carefully indexed. When it was necessary to refer to any correspondence the white-haired retainer sought out the incoming letters from the alphabetic maze, and waded

through numerous letter-copying book indexes for copies of replies. The work might entail five minutes' or five hours' labour.

Now we know that the place for copies of all outgoing letters is in the letter-file, and that for such of them as are replies, their place is next to the letters to which they refer. By the most perfected filing device it is possible to obtain an entire correspondence within a few minutes.

But no system can prove fool-proof, and it is poor economy to instal a modern system and delegate the work of filing to a mere tyro. The human element can upset all mechanical aids, and the economy of time obtained by the use of up-to-date equipment may be largely thrown away by the employment of cheap labour in this department of the office.

The common-sense method of filing is that termed the "vertical" system, and many schemes for indexing have been devised with a view to simplifying reference and eliminating the risk of error in filing. The most modern, and on the whole the simplest, is that which is operated by a combination of alphabetical and numerical subdivisions. There are several excellent adaptations of this scheme advocated by the makers of filing appliances, and in each the fundamental idea is almost the same. The

main division is alphabetic (this obviates the need for a key index), with numerical subdivisions. The only way to determine which of the many adaptations best meets personal needs is by witnessing a demonstration of the actual scheme in operation.

LETTER-COPYING

Letter-copying should always be done by means of loose sheets. The copying-book is cumbersome and inelastic. The single sheets are each adjustable units; they can be filed with the letters to which they refer.

There are two ways of copying. The simplest, most direct and rapid, now that the typewriter has become universal, is by the carbon process. Here the original and copy are made at one time. There is no delay at post-time. The original and carbon duplicate can be signed together.

Moreover, the original letter is clean, crisp, and new-looking when it reaches the client or prospect, instead of being blurred and creased. Again, several "carbons" can be made at one time when it is desired to send copies to agents or departments.

The alternative method of copying is by a rapid roller copying machine. In this instance

the letters are copied after they are signed. This method, especially in the case of important documents, such as quotations and contracts, has the great merit of providing a true copy of the original, for both typed matter and signature are reproduced.

CARD SYSTEMS

As an adjunct to the business man no aid has yet been devised which is of such all-round utility as the "card system." Americans discovered this fact many years ago, and developed the card system to a fine art. Its ramifications are all-embracing.

Card systems are adaptable with advantage to almost every department of business. Originally employed by the Abbé Rozier for the catalogue of a library, its uses have been multiplied until card systems have even usurped the position held by ledgers in accountancy.

The great outstanding advantage of cards is their adaptability. In any index built up by cards it is possible to obtain a perpetually up-to-date index, and one which is always in exact order. Dead matter can be eliminated, new matter interpolated at any point. Indexes can be recast or revised without being re-

written ; reference is always direct and rapid. In any record where additions are continually being made—as in a mail-order or a subscription list—the card system is without an equal. Even doctors have succumbed to its influence, because by its aid they can withdraw from their record the “history of cases” for the day’s visits, and thus be armed with all data on each case requiring immediate attention.

As a “reminder” to the business man the system should find a place on every desk. By its aid all stock prices, market fluctuations, quotations, buying and selling prices can be easily and accurately recorded in a manner that affords instant reference. All private and vital data can be recorded and preserved within the desk ready to hand at need.

The most general purpose to which the card system is applied is that of a list of clients. The business house issuing catalogues, letters, or reports to its customers, finds the card record of names valuable because, by reason of its adjustability, an up-to-date record can be maintained. Insurance companies find the card system valuable, because the names of all policyholders for all risks can be, if desired, kept in one index—risk denominations being indicated by using cards of different colours for the several kinds of insurance. Moreover,

renewal dates can be automatically kept in sight by employing what are known as "tabbed" cards with one-twelfth top projections, the position indicating the due month.

The man with elaborate data to be controlled will do well to commit his needs to the consideration of a firm specialising in system goods, because as a result of the remarkable demands made upon them, these people are able to advise ingenious adaptations for simplifying the labours of record-keeping.

LOOSE-LEAF LEDGERS

Loose-leaf ledgers are the only serious competitor to the card system. For many purposes they are superior; for many they are inferior. In their original sphere (as ledgers) they are excellent, because they take up less space and are less cumbersome, and conform more to the accepted idea of a ledger. In any case they are infinitely superior to the bound ledgers, the advantage being that each sheet is a unit.

A loose-leaf ledger may consist of fifty sheets when begun, and be increased to 500 sheets as the need grows, and all the time the same sequence can be preserved. Loose-leaf ledgers

are provided with an adjustable back, which can be extended or contracted by an ingenious mechanical device. The method of adjustment is different in construction in all of the several makes now on the market. Obviously the book, which whilst having a vice-like grip on the leaves, will permit of the ledger opening flat, just as a bound ledger does, is better for the ledger clerk to use.

In the loose-leaf system none but active current accounts are kept in the ledger, while all entries for years past are filed in transfer binders in correct sequence, available for immediate reference when required. Dead accounts can be extracted, new accounts added, and sleeping accounts removed to the end of the book, or transferred to another volume till again needed. It will be seen that the time-wasting business of transferring entries from old ledgers to new ones is eliminated.

When issuing monthly statements, a book can be split up amongst a number of clerks for speed in output, and when a rapid balance is required the process is equally simple. Moreover, "queer" accounts can be removed and filed in another binder for special attention. As a time-saver in the office the loose-leaf ledger makes a substantial claim on the modern business man.

TELEPHONES, TYPEWRITERS, CALCULATING
MACHINES

In installing the telephone it is necessary to make the fullest possible provision, whether by extensions, or by the use of a "house 'phone" for rapid communication within the office. The amount of time which can be saved by this means in giving instructions and conveying messages is almost as important as the advantage of telephone communication with buyers and sellers.

For ordinary commercial purposes there is probably little to choose between the leading makes of typewriters. But in businesses involving a great deal of "display" work, such as contracts, estimates, and schedules, there must be some little care given to the make and "number" of the machines used. Two-colour or three-colour ribbons, tabulating stops, and other accessories are all important in work of this class, and most of the leading makers have machines adapted for special purposes. A keyboard with accents and a dollar sign, etc., is an advantage to a firm doing much foreign correspondence, for although it may be possible to adapt other signs or to add accents by pen and ink, the process detracts from the appearance of the letter.

In all offices where a great deal of figure work is necessary the calculating machine is an invaluable boon. These machines, given proper care and attention, can be handled successfully with very little practice by the most junior member of the staff. Their advantages are twofold: they save a very great deal of time, and they remove the "personal equation," which even with the best-trained workers leads at times to inaccuracy.

III

THE RETURNED SOLDIER: HIS BUSINESS VALUE

A VERY important question in connection with the return to peace conditions will be the effect of the war on the business value of those who have taken part in it. Hundreds of thousands of men will be coming back to business life from the trenches. They will have been through an experience which those of us who have stayed at home can only faintly imagine—an experience which must modify profoundly their character and views of life. How will they settle down to the routine of office work? What will be the effect on their business efficiency?

The question is one which it is very difficult to answer. To do so requires not only wide knowledge of men, but great powers of imagination. Different men will be affected in different ways. The motives which prompted them to enlist, the degree to which their character was already formed, the nature of their experiences

at the front are all factors to be considered. We can only generalise as to probabilities, and we must reserve our final judgment until we have facts to go on; but it is as well that we should attempt to form some ideas on the subject, for the success with which these men are reintroduced into civil life will depend very much on the degree of sympathy and insight with which we receive them.

There will probably be a certain number who will have acquired a distaste for sedentary life, and where this is the case, it will be a waste of time to try to reconcile them to the office stool. Our choice will lie between assisting their emigration to the Dominions which are calling out for new blood, and settling them on the land at home.

In others the war will have worked out the strain of adventure, and they will settle down more contentedly than before. In many cases we may expect a reaction from the nervous strain to which they have been subjected, and the wise employer will be careful to assist their recovery to full vigour and activity by sympathetic treatment.

It will probably be found that, apart from such temporary reactions, the physique of returned men will have been greatly improved by their period of military training and service.

In some cases the hardships of campaigning may have sown the seeds of disease; but the very great care which has been given to the health of the troops, the immense exertions which have been made to feed and clothe them in the best possible way, should yield valuable results after, as well as during the war. There will almost certainly be a general quickening of keenness and intelligence, due to the great demands which have been made on every soldier, the high level of efficiency exacted, the sense of pride and self-respect engendered by military traditions and corps spirit. A very large proportion of the men who answered the appeals for recruits did so not from any natural taste for military life but from a real sense of duty, however reticent they may be in expressing it. It cannot be thought that such a step could be taken without a lasting effect upon character and outlook. The atmosphere of dogged persistence, sacrifice, and resourcefulness which has been developed at the front cannot leave unaffected those who have passed through it. It will be our task, after the war, to order our social and business life in such a way that the returned soldier may find full scope for the qualities which he has shown or acquired abroad. His treatment by his employer must appeal to the spirit of self-respect,

pride in his work, and sense of corporate life which his military experience has fostered.

The mixing of classes which has taken place in the ranks should form a valuable business asset. Employer, manager, and clerk will come back to their old relations with broader sympathies and a wider knowledge of men. Every effort should be made to take advantage of this opportunity to humanise business relations, to encourage the team spirit which does so much to secure interest and efficiency. The esprit de corps and spirit of mutual helpfulness and reliance which are essential to military success must be translated into the sphere of commerce.

It is often said that the routine and discipline of military life tend to destroy initiative. This may be so in peace ; but in a war such as this, where the non-commissioned officer and even the private are continually called upon to display resource, judgment, and leadership, the exact reverse should be the case. A glance at a man's war record will often enable an employer to recognise the employee who can be trusted to use his own discretion and to act on his own responsibility.

Whether the returned soldier will make a better business man than before will depend in the main upon the way we treat him.

IV

WHAT SHALL WE DO WITH OUR OFFICERS?

THE problems of demobilisation and the reintroduction of some millions of men to industry and business are already receiving widespread attention. This is as it should be. The success with which we accomplish the return to peace conditions and establish ourselves against renewed foreign competition will depend upon the thoroughness of our preparation. If the outbreak of war caught us napping in some respects, we must see to it that the signing of peace does not find us unprepared.

It seems, therefore, worth while to call attention to one aspect of the problem which is generally overlooked. The task of finding work for the men who come back from the trenches is already being taken in hand by many competent authorities. But no one seems to think it worth while to ask the question, "What shall we do with our officers?" Yet a question which affects some hundreds of

thousands of our keenest and ablest young men cannot be lightly dismissed.

Many of them, no doubt, will come back to posts in business houses which are being held open for them, and concerning these no question arises. The effects of practically universal service will, however, lead to some curious situations. Men who have obtained commissions may return to find themselves placed under the authority of those whom they have commanded, and a good deal of tact and good feeling on both sides will be necessary in order that both may shake down in their old positions. But those who have learned in the trenches the lessons of discipline and esprit de corps may be trusted to adapt themselves without friction to the changed conditions, and wherever any little difficulty manifests itself, a judicious employer will easily effect such a rearrangement of the staff as will avoid unpleasantness.

It must be remembered, however, that there have been a large number of promotions from the ranks, and a considerable number of men who were filling subordinate posts in the works or the office will have found themselves placed, during the war, in positions of authority and responsibility, calling for the exhibition of judgment and initiative. Are these men to

be permitted to go back to their old round of undistinguished routine labour?

The answer will depend largely upon the wisdom of employers. It would, of course, be unjust to give returned soldiers an arbitrary preference over those who, through age, physical unfitness, or indispensability, have been retained at home, and have carried on the business of the firm during the critical period of the war. But the man who has proved his possession of character and capacity in the trenches will generally be found worthy of having the path to promotion opened to him on his return. It is true that business success calls for knowledge and experience of a different kind from that which these men have acquired. Yet the fundamental qualities which lead to distinction in both spheres are the same—force of character, keenness, readiness to seize opportunities and bear responsibility. A wise employer will keep his eye on the man who went away a private and comes back an officer, and put him in the way of acquiring the training and technical knowledge which will enable him to turn to account in business the abilities which he has displayed in war.

Moreover, a very large number of our officers are men who would not, in the ordinary course, have thought of taking up a business career.

There are many young men of good education and ability now holding commissions who would otherwise have led inactive lives. Some of them might nominally have read for the Bar without any intention of practising. Others would have been known chiefly as amateur cricketers, or would have dabbled in politics and letters without any particular vocation for such work. It is true that the so-called "man of leisure" is often really a hard worker and a factor of real value in political, social, or intellectual life. But there must be large numbers of our young officers who are without the special tastes and gifts which lead to distinction in these spheres, and yet possess capabilities which the ordinary course of their lives would hardly have called out.

During the war they have worked hard. They have been through severe training, involving intense application and a good deal of self-sacrifice. They have often borne severe privations and hardships, and have held posts of trust and responsibility, calling for incessant watchfulness and a high sense of duty. It is inconceivable that many of them should not have acquired a taste for work, a pride in accomplishment, a sense of satisfaction in the feeling that they are of use, which will lead them to desire a more active and useful life

on their return. Politics and the learned professions demand special gifts, and are already overcrowded. If these young men are to find scope for their abilities and energies it must be in commercial life; and at a time when the necessity of efficient management is more than ever apparent, it would be an unpardonable neglect if this scope were not found for them.

The qualities which make a good officer—quick decision, alert intelligence, attention to detail, tact in handling men—are precisely those which are increasingly important in business life to-day. It must not be forgotten, too, that modern war is largely a matter of organisation, and many of these men will have acquired some experience of the administrative side of business itself. It is said by many employers that the University man who takes to business often outstrips those who have actual commercial experience by reason of his greater capacity for dealing with other men and his greater quickness in learning. At any rate, something of this kind may be expected of men whose faculties have been sharpened and whose character has been moulded in the hard school of war.

The whole problem is one of training. Our returned officers will provide us with first-rate material, if we can only arrange to give them

the technical knowledge which will render their natural and acquired qualities available for business purposes. So far as possible, this should be done by employers themselves. Where there is a sound basis of general education and intelligence to work upon, the most valuable business training is that which is undertaken in direct connection with a particular enterprise and guided by its requirements. Training of this kind has a practical value which can be obtained in no other way. It would be a profitable investment for many firms to take one or two returned officers as apprentices to the higher grades of business life, and to devote both time and money to developing their abilities. At the same time much might be done by our commercial colleges and technical schools in the way of forming special classes for officers, with courses adapted to the work for which they are likely to be fitted. The special knowledge of men in the artillery and engineers, in the transport and administrative branches, in the Flying Corps or the motor service, should be carefully fostered and turned to account. These educational establishments could act also as agencies for introducing men into the employment in which they were most likely to be of value. Employers on the look out for new

blood would turn naturally to such agencies for the supply of capable and trustworthy men.

The war has given us an opportunity of breaking down the barriers which have kept out of business life many men who would be of particular value in it. Their abstention has been due in part to the old-fashioned prejudice against a commercial career as less "dignified" than that of politics or the professions; in part to the lack of facilities for entering upon it, compared with the well-defined approach and definite reward offered by the Civil Service. The former of these barriers will have been broken down by the war itself. The life of the trenches is unfavourable to illusions, and the circumstances of to-day have shown very clearly how real a service to the strength of the nation, whether in war or in peace, is performed by those who are assisting to maintain and build up British trade. The second, it will be for the employers of the country to sweep away, by offering adequate inducements to our returned officers to enter their firms.

There is no doubt that in the period which follows the signing of peace we shall need the best brains of the country in business life. If we are to pay off the burden of debt left by the war and hold our own against foreign competition, we cannot afford to neglect any source of

strength, whether in men or in material. We have here a force of great possibilities, the value of which will depend entirely upon the foresight which we show in adapting it to commercial uses. The manner of doing this is well worthy of our national attention.

V

WOMEN WORKERS: DURING THE WAR AND AFTER

ONE of the surprises of the war has been the revelation of unsuspected national resources in our women workers. Women had always taken their place in the factory, and they had been gradually penetrating the office, chiefly as typists and telephone clerks. But as it became necessary to release more and more men for military duties, more and more women had to be drafted into works and office staffs, and the supposedly indispensable man has often been replaced without serious loss by the adaptable woman.

There can be no doubt that these new workers have proved a remarkable success. Their industry, patience, loyalty, and intelligence have confounded the critics. They have shown themselves capable of filling many posts hitherto regarded as male preserves.

On these facts two reflections arise. In the first place, it is doubtful whether we are, even

now, making the most of these newly-revealed capacities. The prejudice which restricted women's work in the office to shorthand and typing is gradually giving way, but there are still many employers who fail to realise the efficiency which women have displayed as book-keepers, organisers, designers, buyers, and sellers. If we are to fulfil our threefold task of furnishing men, munitions, and money, the business abilities of our women must be utilised to the fullest extent and to the best advantage.

In the second place, this influx of female workers will present us with some difficult problems after the war. No doubt some of the new workers will go back to the home, but many of them will have acquired a taste for business life, and others will find themselves obliged to continue working by the loss of those on whom they were dependent, or by the pressure of high prices and taxation. A proportion of these may find their opportunity in replacing men who have been killed or disabled, but we must not forget that there will be some millions of men to be reabsorbed into the labour market, many of whom have been promised reinstatement in their old positions.

The pledges of reinstatement are a debt of honour which must and will be paid. It is clear also that it would be disastrous if

employers were to yield to the temptation to use cheap female labour for cutting the rates paid to returned soldiers. How, then, are we to prevent large numbers of women who have become dependent upon their own earnings from being thrown into the ranks of the unemployed?

The answer seems to be that we must learn to regard female labour from a new standpoint. Hitherto the main reason for employing it has been its cheapness. Having fewer dependents, or being themselves partially maintained, women would do the same work as a man for less money. After the war it will be necessary for us to take longer and broader views. To take advantage of the opportunities which will be offered us and to meet the competition which we shall have to face, it will be necessary that we should make the best possible use of every brain and every pair of hands in the country. While we cut down ruthlessly all waste of money or labour, we must look rather to increasing our business than to diminishing our wages bill, and suitability and efficiency, rather than mere cheapness, will be the qualifications for employment.

“Suitability,” in fact, is the key to the problem. Experience has shown that there are certain kinds of work which the average

woman can do more efficiently than the average man. Both in offices and in shops many posts hitherto held by men could be filled by women with a real gain in efficiency, thereby releasing men for work which women are disqualified from performing by physique or circumstances. The task before us is so to organise the nation's business that our women workers shall be attracted to those forms of employment in which their special qualities are of most value, while men are diverted to other work. In the increased business resulting from better organisation there will be room for both.

VI

SUPERFLUOUS EXECUTIVES

WHEN we think of the number of men who have been withdrawn from business by the demands of the Army, we are sometimes inclined to wonder how it is that so little dislocation and inconvenience has been felt. It is true that in some branches of trade the war has resulted in there being less work to do; it is true that many absent men have been replaced by new women workers. But after allowing for all these things, there remain a surprisingly large number of firms who are getting through as much work as ever with a considerably reduced staff.

Where this is the case it is obvious that there have been superfluous executives, men whose time and energy were being wasted on work which was unnecessary in itself, or which could have been done without their assistance. The discovery that so many posts were filled by men who could be spared without inconvenience is a somewhat disquieting one, and gives rise

to two important questions: What is to be done with such men on their return? How can we prevent similar waste in the future?

There is one class of superfluous executive for whom little can be said. The man for whom a berth has been found on the score of relationship or good-nature, without any reference to his fitness for the job, is simply a deadweight on the business. His presence in the office is neither profitable to his employer nor fair to his more efficient colleagues.

A similar trouble is the retention of employees who have grown past their work. While the desire of employers to deal sympathetically with faithful servants is honourable to them, it would be cheaper, as well as fairer to men awaiting promotion, to provide for them by pensions or a superannuation scheme.

The greater part of overstaffing, however, arises from faulty organisation. If an office is not so managed as to get the best value out of each member of the staff, a larger staff will be required to do the work. It is worth while to examine a few of the more common ways in which lack of system leads to waste.

Defects in the machinery of business—badly planned offices, lack of proper filing and indexing appliances—entail a great deal of unnecessary work, which involves the employ-

ment of extra subordinates. The well-arranged office, where business runs smoothly, will always require fewer men for the same work.

The absence of a proper time-table is another source of waste. It is, of course, impossible to run a live business on a cut-and-dried schedule, but if the regular work of the office is properly mapped out and allotted, there will be no time wasted in waiting for instructions; no one need find himself idle while there is work to be done. This means also that while the more skilled work must necessarily be specialised there must be a certain amount of mutual help. An inelastic system may easily lead to over-departmentalisation. If it is constantly found that the clerks in one room are working overtime while those in another room are slack, it is obvious that there exists a disproportion between the number employed and the work done.

Finally, there is in many offices a good deal of routine work which might be cut out altogether. Some of this is due simply to old-fashioned traditions; a great deal is due to distrust of the work of the staff, arising from the employment of inefficient workers. Too much supervision and checking of results leads to constant duplication of effort.

It does not follow, however, that, because

the work on which executives were employed was superfluous, no place can be found for them. The idea that overstaffing is good for employment is a fallacy, overlooking the fact that in the long-run employment depends on the volume of business transacted. To take men back or to retain them on work which experience has shown to be unnecessary would be to perpetuate an economic waste. But in offices where a better business organisation has been developed during the war, there will generally be an opportunity to employ the same men on really productive work. The cutting out of unnecessary routine means that more time and energy can be devoted to profitable business, and the improved system which deprives a man of a superfluous post will provide him with a useful one by the capacity which it gives to the firm for expanding trade.

Where a firm is really overstaffed, it is better that a reduction should be made, and that superfluous members should find other employment where their services will contribute to the prosperity of the community; but in the majority of cases the fact that too many people are employed on a particular job means simply that the business done by the firm as a whole might be increased by a better distribution of their labour.

VII

THE DILUTION OF OFFICE LABOUR

THE war has brought into prominence the effects of the dilution of skilled labour on industrial output. By employing skilled men for skilled work only, it has been found possible to increase the production of munitions and other material of war to a surprising extent. It seems worth while to inquire whether the same principle could not be applied to office labour.

As applied to office work, the dilution of labour means simply that the staff shall be organised in such a way that a man who is capable of doing skilled and responsible work shall have his whole time free for work of that class. This principle is, of course, already acted upon to a great extent in all well-managed offices, but it could be pushed still further with a great gain in business efficiency. The employer is naturally anxious to keep his staff within reasonable limits, and his anxiety to avoid the presence of superfluous executives

often results in a considerable amount of routine and detail work being done by those occupying responsible positions. As a general rule, this policy is a mistake.

If a man is paid £10 a week as manager of a department, the first consideration is that he should be earning £10 all the time. In many businesses it will be found that such a man is engaged for two-thirds of his time on work which could be done equally well by a man earning £2 or 30s. Where this is the case, it would be better policy to take on an extra worker at £2 or 30s., and turn all this part of the work over to him.

In the first place, if the skilled worker is freed from the necessity of performing the unskilled labour incidental to his own work, he will have more time to devote to the special duties which he alone can fulfil. In the additional time which he is able to give to those duties he will earn extra profit for the business which is more than sufficient to cover the salary of his assistant.

In the second place, even if he spends no longer than before in the accomplishment of his skilled duties, he will do that work better and more efficiently. It is impossible that a man should do responsible work if his mind is harassed by details, the care and arrangement

of papers, the making of appointments, the working out of figures. His task demands a high degree of mental alertness and concentration, which he can only attain by coming to it fresh and clear-headed. It is far better that, when he has worked at it for as many hours as he can keep at full pressure, he should go away and recuperate than that he should fill in the rest of the day with mechanical work. The one will render him more fit for his real duties, the other will interfere with his discharge of them.

It is vitally important that the best possible men should be secured for responsible posts calling for judgment and initiative. But full value cannot be obtained for the high salaries which they command unless they are backed by an efficient staff of subordinates with proper appliances and organisation. If the £10 man is kept for the £10 job, and a £2 man engaged for the £2 work, the increased earnings will not only cover the additional salary, but leave a handsome profit in addition. The question which an employer should put to himself in looking over his pay-sheet or salaries account is not—How much am I paying for the work done by my employees?—but—What return am I getting for this expenditure? If he can increase the effectiveness of the real profit-

earners on his staff by giving them one or two extra assistants, he will be effecting a genuine economy ; for economy consists in the elimination of waste, of time and brains as well as of money.

VIII

"DON'T DO IT YOURSELF"

THE grumble most usually heard amongst business men of the not-too-successful type is that they cannot find subordinates to carry out their orders efficiently.

They talk of stupidity, slackness, carelessness, incompetence—backing up their point of view with examples of the money they are losing, and ending with the familiar axiom that "If you want a thing done well, you must do it yourself." In consequence, they try to run their business as a one-man concern.

I believe that this principle is not only utterly wrong in itself, but actually productive of slackness and incompetence amongst employees. I believe that it needs to be combated strenuously if British commerce is to retain the foremost place amongst the nations. This is, at any rate, the opinion of many heads of businesses which are successful in the broadest sense. Sir William Lever, for instance, said, "I attribute my success to having gathered

around me men who were more capable than myself in various specialised directions."

To do the work oneself is "the easiest way." It saves worry. It feeds self-complacency. But it makes the business dependent on the presence and on the health of the principal, and it definitely prevents expansion. It shows lack of judgment of men, lack of ability to train, and lack of power of organisation.

Business genius is an infinite capacity for getting other people to take pains. Business talent is a certain capacity in that direction. Business incompetence—in the case of an executive—is being unable to utilise the services of others.

When Sir William Lever speaks of gathering around him men more capable than himself, he modestly refrains from pointing out that it forms a very fine testimonial to his own tactful personality, judgment of men, and ability to recognise and give free play to the abilities of subordinates.

Every employee has some strong point and usually several weaknesses. The business organiser brings out that strong point by giving trust and responsibility. At the same time he minimises the weak points by a system of tactful checks. An illustration may be quoted from a conversation with the director of a

prominent London drapery house on the question of women's fitness for executive posts. He said, “Many of them make admirable buyers, but they are usually shaky on departmental finance. I give them a very free hand in the actual choosing of goods, but in regard to the quantities they buy I make a point of checking that myself. Every week I go over the sheets with them, and suggest that this item might perhaps be cut down or that item increased.”

That surely is the way to get willing and loyal service from employees. Where the grumbler would say, “Can't even trust them to exercise common sense in buying! Women are no use except as typists!” this director recognises the point of ability and condones the point of weakness.

No business can expand unless the executive is in a position to depute his detailed work in increasing doses, and leave himself free to consider developments and schemes of the broadest character. He will never be in a position to effect this when he obstinately keeps to the old maxim, “If you want a thing done well, you must do it yourself.”

The path of expansion is the path of training up others to take certain portions of the load off the shoulders of the principal. It is infinitely

more productive to multiply one's business time in the time of subordinates than to try to speed up one's own energies to a health-destroying pace.

Assume that a principal can devote ten hours per day to his business. It might be possible for him to compress fifteen hours' work into that space. On the other hand, if he could train up ten men to work only eight hours a day in various sections of his own work, he creates a productive day of eighty hours. Organisation is multiplying one's own energy in the energies of others.

IX

ROUTINE AND EFFICIENCY

ONE of the less admirable developments of modern industry and commerce is the increase in the amount of routine work. Both in the factory and the office a large proportion of the workers are continually engaged on tasks of a more or less mechanical nature, involving a great deal of repetition and affording little scope for initiative or intelligence.

Work of this nature tends to become almost unbearably monotonous. The man who is confined to minding an automatic machine which performs some small step only in the process of manufacture, has no part in the joy of craftsmanship and takes no pride in his work. It is difficult for him not to become himself a mere cog in the industrial machine. Many of those who are engaged in clerical work are in much the same position. The copying of letters, the filing of papers, the lower grades of book-keeping may easily become automatic operations, performed in

accordance with a strictly planned routine which gives no play to the characteristics and qualities of the individual.

From the worker's point of view, this mechanical work is almost an unmixed evil. It tends to deaden his intelligence and destroy his self-respect, and it does nothing to train him for the performance of better work. Indeed, the longer a man is kept at a blind-alley job, the less fit he becomes for any other occupation.

But this routine work has its dangers from the employer's point of view also. Work which is done mechanically tends to be badly done. The man who feels himself to be a mere machine is generally a very unreliable machine. From this lack of interest and stifling of intelligence there results a great deal of slovenly and inaccurate work in the lower grades of business, involving an infinite waste of time and material. The result is that those who have in hand more responsible work are obliged to be perpetually on the look out to detect errors and keep their subordinates up to the mark, and are thus unable to give undivided attention to their own special duties.

It is therefore important, both from the employer's and the worker's point of view, to

see what can be done to redeem routine and give the employee an interest in his work. Under existing conditions it is practically impossible to avoid a good deal of work of this character, and the remedy must, therefore, be sought not so much in improved organisation as in a more careful study of what may be called the psychology of business.

The first step in the right direction is the encouragement of the "team spirit." Let every man feel that he has some share in the kudos of successful work, even if his own part is merely the conscientious performance of a routine task, and he will begin to take a pride in the achievement of the department or the firm, which will impel him to put his best into his work.

To do this it is necessary to make every worker understand the part which his own job plays in the business. The humblest worker can feel a pride in his work if he is made to realise that, however mechanical it may be, it is essential to the smooth working of the whole. An appeal to an employee's sense of responsibility is perhaps the most potent spur to industry and carefulness. It is the man who feels that his job does not really matter who scamps or shirks it.

The most important factor in this cultivation

of the team spirit is that it implies treating the employee as a human being. Even if his work is mechanical he feels that he is not considered as a machine but as a man, with a responsibility to do his work well and some certainty that faithful discharge of his duties will be duly recognised. The employer who introduces a human touch into his relations with his staff is the one who gets the best results.

There are many ways in which a certain amount of interest may be given to the performance of routine tasks. There is no work so mechanical that the method cannot be improved, and it is well to encourage the employee to think out and suggest improvements in the routine. A really useful suggestion may at times be made, and in any case the worker's intelligence will be kept alive and his work done in a better spirit.

Moreover, even in routine work there is a certain variety, and it is well to employ men, so far as possible, in the departments for which their special interests and aptitudes fit them. And if the routine worker has an assurance that conscientious discharge of his duties may open the pathway to promotion, and that he will be encouraged to fit himself for a higher grade of work, the routine on which he is engaged will be the more efficiently performed.

The employers, of whom there are, happily, many, who give every facility and encouragement to members of their staff to acquire a better vocational education, are doing much to break down the blind-alley barrier of routine.

X

DAYLIGHT SAVING AND OFFICE HOURS

THERE is no doubt that the Daylight Saving Act met with the general approval of the business community. Indeed, it is largely owing to the foresight and wisdom of chambers of commerce and individual business men that the Government and the public were brought to realise the advantages of this measure.

It has been adopted during the war as a step in national economy, and there can be no question that the saving in lighting and heating will be very considerable. This is not, however, the only or the principal reason why it appeals so strongly to business men as a scheme to be permanently established. The main argument in its favour arises from the beneficial effects of increased time for outdoor recreation on the efficiency both of employers and staffs.

To recognise that the time which a man spends in the open air may be as valuable to

the firm as those which he spends in the office is to take a great step in business economics. It implies the recognition that the results secured spring less from the number of hours worked than from the keenness and physical fitness of the workers. The man who is in good training and mentally alert will do more in six hours than one who is stale and depressed will do in eight.

Why not carry the principle still further? There are periods in all offices when the real business of the day is over long before the ordinary time for closing. The fetish of "office hours" often results in the remainder of the day being spent by a discontented and idle staff in slacking or in the performance of unnecessary and irritating routine. The knowledge that the completion of a task will not bring release from the office results in work being "spun out" so as to fill up time, and work which is done in this spirit is generally inefficiently and unintelligently performed.

It is quite natural and right that an employer should look for value for his money. He expects his clerks to stick closely to their business during the time for which he pays them; but he makes no profit from their mere presence in the office. If the work is done, it would be better for the business as well as for

the staff that they should be getting themselves fit by exercise and healthy recreation for the work of the next day, when there may be a rush.

Obviously, someone must be on the premises to answer inquiries during the usual city hours, but if employers would take advantage of opportunities to release a part of their staff a little earlier, they would find both better and more willing workers, and we should hear less of the employee who "watches the clock" and dashes off on a busy day leaving his task uncompleted.

XI

THE GIVING OF REFERENCES

AN EMPLOYER'S PROBLEM

A PROBLEM which every employer has at some time or another to face is the giving of references to members of his staff, who may have been discharged or who may be leaving his employment at their own wish. Between those employees who have earned a testimonial of unqualified praise, and those to whom no recommendation can in honesty be given, there is always a large class, mediocre in their virtues and their shortcomings, whose request for a reference presents a delicate problem to the employer.

In the course of business relationship he may have noticed many weaknesses which are quite obviously those of character, such as indolence, carelessness, or petty deception. Is it his duty to refer to those in any testimonial, or should he by omitting to mention them, send the employee into the world again with a clean sheet, to make his fresh start under the best possible auspices?

Every employer of labour has suffered at some time or another from the glowing testimonial which has influenced him in giving employment to a person who afterwards has betrayed total or partial incompetence in his work, or has been guilty of some radical error of intelligence or honesty, which proves conclusively that he could not possibly have earned or deserved the strong recommendation with which his claim was supported. This seems to prove that many business men take a very light view of the matter. One has even heard the remark, "I shall have to give him the sack, but I shall give him a good reference, as I have nothing against him except his incompetence."

The truth is, that this giving of references is a very difficult matter, not to be undertaken without grave consideration. To overstate deliberately a man's abilities, with the idea of giving him a helping hand, is not fair to him, and very unjust to his new employer, the efficiency of whose business may be seriously damaged before he is able to make his own estimate. When he has done this he will be so much the less inclined to deal leniently with the offender, as his abilities have been exaggerated.

A fine testimonial cannot shield the totally incompetent, whose works betray them, but it may serve to place in positions men of partial

incompetence, who by the exercise of bluff and other deceptions are clever enough to be able to retain their posts. Thus the ultimate efficiency of the firm must suffer, and it is with this thought in mind that business men should view the whole question. In these times, when it is so critical a matter that business in this country should be kept at a high level of efficiency, nothing which serves to place inferior persons in responsible positions should be countenanced. On these grounds, more than because of the inconvenience caused, it is important that employers should review their responsibility in this matter of testimonials. No man of business likes being imposed upon himself, and therefore he should consider very seriously how little he is justified in imposing bad workmen on other members of the community.

The ideal testimonial is the perfectly fair and complete estimate of the employee's character, an estimate which holds back neither praise nor blame, which, being based on close observation on the part of the employer, represents what he himself would welcome in engaging new men. Though not so evil in its effects as grossly overstated praise, the testimonial which states the best of a man's abilities and disguises his shortcomings is very strongly to be deprecated. Every man has failings. The

employer does not expect perfection, or if he does he is very foolish, and he can quite easily make allowances. It is far better that he should know all. The faults of a bank are not necessarily the faults of an advertising office. Certain occupations do not demand the same qualities as others, and it does not at all follow that because a man has proved himself to be inaccurate as a book-keeper he may be incompetent as a salesman.

The principle which has actuated business men in the past in the giving of glucose recommendations has been to afford their departing employees "a fair chance." That is precisely what it does not do. It gives them an unfair chance of imposing on other business men, of keeping worthier and more efficient men out of their rightful positions. It is, indeed, time, in the highest interests of business, that the prevailing opinion should suffer a change. There is probably only one type of shortcoming which can be honestly suppressed—and that is when an employee has been dismissed for some tactical error which, having no relation to his general character, implies no temperamental defect, and may never occur again. It would be obviously unjust that, having paid the penalty, the consequences of his error should pursue him in after life.

PART IV
THE ART OF SELLING



I

THE CUSTOMER AS AN OBJECTIVE

GOODS are produced in order to be used. Since we have got past the stage in which each man could make for himself whatever he wanted, we make goods to-day for the purpose of selling them to somebody else and using the proceeds to buy the things which we ourselves need.

This seems almost too elementary to be worth stating; but it is not. It is quite true that every individual manufacturer is thinking of selling his products and that every trader is thinking of selling his stock; but when we come to consider the question of our trade from a national point of view and to discuss the means by which we can improve its efficiency, it is easy, as was said in the Introduction to this book, to forget one side of the business process while our attention is focused upon the other. A great deal is being said just now, and very rightly, about the necessity for increasing output, in order that we may re-

establish and maintain our commercial position. But an increase in output is only one side of the problem. It is necessary to bear in mind that the ultimate objective of every step in business, from the growth or winning of the raw materials onwards through all the processes of manufacture and distribution, is the consumer, the man who finally buys the finished product for his own use.

When we speak of "markets," at home or abroad, we are speaking really of a great number of individuals who are by some means or other to be made acquainted, each for himself, with the nature and value of our goods and induced to buy them. This process of making goods known and persuading people to buy them is the whole art of selling, and it is just as important as the process of manufacture. And here, too, better organisation and a more thorough understanding of commercial principles have a big part to play. When a manufacturer, by taking advantage of the results of scientific research, or by a reorganisation of his factory, is enabled to produce an article at a lower cost or in greater quantities in proportion to the effort employed, he is adding not only to his own profits but to the national surplus. In the same way the distributing firm which, by improved methods of salesmanship,

is able to turn over its stock more rapidly, to reach a larger number of customers and to handle larger quantities of goods, is reducing the ultimate cost of the goods and contributing to the national welfare. The object of commerce is to bring the wealth of the world to the consumer in a form in which he can use it. At every step in this process—the winning of the raw material, its manufacture into the finished product, its transport to the centres of distribution, its introduction to the attention of the customer, and its final sale—there is a possibility of improvements in method which will obtain the same results for a smaller expenditure of energy, or reduce the costs of the process.

It is sometimes assumed by critics of the art of publicity that the object of modern salesmanship is to induce people, by cleverly worded appeals, to buy something which they do not want. This is, at best, a very shallow conception. There is a certain amount of advertising which is devoted to the pushing of worthless goods, just as there are manufacturers of shoddy articles. But in either case they form a very small proportion of the great volume of trade, and their success is seldom lasting. The real object of salesmanship is that every honest trader with goods to sell shall be able to bring

them to the notice of as many prospective buyers as possible, and that every buyer shall have the widest possible choice from which to select his purchases. When we speak of "creating a demand" for an article, we mean that having something to sell which may be a source of use, convenience, or pleasure to a great number of people, we wish to call their attention, in the most effective way, to the advantages which they might derive from it and the means whereby it can be obtained. To say that this is creating an "artificial need" because "we can do without things until we are told of them," is to condemn not only commerce but civilisation. We "did without" clothes, drains, and books at various epochs of our history. If an article is harmful in itself, or if its unrestricted use may lead to less labour and capital being available for the production of goods which have a higher necessity value, the remedy lies in educating the consuming public and not in decrying the art of selling, which, after all, is chiefly concerned with the distribution of goods to meet the common needs of everyday life. If it should become necessary, in view of the economic drain of the war, to reduce the standard of life in respect of luxuries, the same necessity will impose upon us the task of improving our methods of

distribution in respect of necessities and ordinary comforts. Above all, it will call for a sustained effort to increase our export trade.

The question of selling methods in foreign markets has been touched upon in Part I with reference to the manner in which traders may be assisted by the State, and in Part II with special reference to the study of foreign requirements by manufacturers. In the second and third articles of this section, attention is called to the manner in which export traders may increase our business abroad by co-operating for the cultivation of particular markets and by first-hand study of the conditions which obtain in them.

The two articles which follow (Nos. 4 and 5) deal with the question of publicity, which is equally important in the home and the foreign markets. The advertisement column is at once the cheapest and the most effective method of bringing the seller and the buyer into contact. In no department of business can money be spent freely with greater certainty of returns. But in no department is it necessary for the expenditure to be more carefully watched or more judiciously conducted. The ineffective advertisement is a mere drain on the business, however big the space and however low the

rates. The effective advertisement will do the work of a thousand salesmen.

It is necessary, however, for the retail dealer, whether a big department store or a local shop, to adopt also other methods of attracting and retaining buyers. It is a general maxim that in the long-run no amount of advertising will create a trade unless the advertiser can "deliver the goods." And in the case of a retail trader, delivering the goods implies not only a well-chosen and attractive stock, but a method of service which will render shopping at his establishment a pleasure. An effective advertisement may bring many customers for a trial visit; whether they will come again depends upon the satisfaction given them. The coming of the big store has undoubtedly raised the standard of retail service. These great establishments derive their attractiveness quite as much from their numerous adjuncts to the pleasure of shopping and the careful training of their staff in the details of service as from the variety and cheapness of their goods. Some typical instances of this care for the customer's convenience and pleasure are discussed in Article 6.

Every retail trader depends to some extent upon the casual customer—the passer-by who is attracted by an article in the window, or by

the general appearance of his establishment. It is important to him that his shop or store should be talked about ; that it should be one of the places people come to look at. Yet it is surprising how little the art of window display is understood among the generality of retailers. Perhaps nine shops out of ten could double their attractiveness by greater attention to this matter. It will not do to rely upon rule of thumb. Window-dressing, like every other form of publicity, is an art in itself, with principles which must be thought out and understood before the best results can be obtained. These principles are discussed in Articles Nos. 7 and 8, and in the latter fresh ground is broken by applying the lessons of the stage to the shop.

In Article 9 the general principles already discussed are applied to the problem of the local trader who finds himself threatened by the competition of the big stores. While this is emphatically the era of the big stores, and while they have done much to develop the art of selling, there is no reason why the local trader and small shopkeeper should be crowded out, if they will only apply the methods which have raised the proprietors of the stores to success. It is obvious that the smaller scale of their operations will render it necessary for

them to adapt these methods to their own circumstances. The principles are the same, and will lead to success in either sphere.

From advertising, retail service, and window-dressing we pass in Article 10 to consider another phase of salesmanship—the form-letter soliciting orders. Here again a rule-of-thumb method will not bring success. Results can be obtained only by a firm grasp of principles and an intelligent application of them to special circumstances.

In the final article a word is added as to the responsibility of the purchaser. If British trade is to prosper and the blots upon modern business are to be removed, there must be co-operation between the trader and the consumer. It is all to the advantage of the manufacturer producing high quality goods, and the trader doing business on sound lines, that buyers should exercise judgment and discrimination, testing for themselves the worth of what is offered them and seeking good value for their money. With production conducted on scientific principles, a well-organised system of distribution, and a public educated in the knowledge of values, our trade would be placed upon foundations too firm to be shaken.

II

CO-OPERATION IN THE EXPORT TRADE

THE urgent importance of maintaining and extending our export trade has been insisted upon again and again in this book. The increase of expenditure, the prospect of a long and exhausting drain upon our national resources, only serve to emphasise still more clearly that the chief responsibility of our traders is to increase, by every means in their power, the extent of their dealings in foreign markets. In order to do this, co-operation as well as individual enterprise must be called into play.

Co-operation in industry is still, to some extent, a vexed subject. Co-operation in commerce is as yet in its infancy. The attitude of suspicion which retards co-operative effort is based on the individualistic conception of trade which, however valuable in promoting healthy competition, is inapplicable to present conditions. No patriot can any longer look upon his business purely from the selfish angle

of his own profits. Business, with everything else, has become a national matter, and the trader has learnt that his work for the firm is, in a very real sense, work for the nation ; that in practising private economy, and selling his wares in foreign markets, he is adding to the prosperity of the nation and making it the better able to bear the strain of great and increasing burdens.

This identity of patriotic and business interests makes it easier to plead for greater co-operation among business men concerned with export trade. It is often urged against the principle of co-operation that it stifles competition and tends towards the formation of trusts. Neither of these arguments holds, however, when the principle is extended to the export trade. In that field competition is between nations more than between individuals, and co-operation between the merchants of any particular country is no more likely to destroy competition than co-operation between members of a single firm.

The great value of the co-operative principle as applied to our export trade is in the unity of attack that by its means becomes possible. One of the greatest assets which British traders have had in the past is the national reputation for thoroughness and honesty. This asset is

one which could both be supported and driven home by co-operative action. One of the greatest drawbacks has been a tendency to obstinacy and narrow-mindedness, a failure to recognise the particular requirements of any given market. This drawback could easily be removed by co-operative study of local conditions.

To retain our commercial supremacy and to increase it, it will be necessary to make a frontal national attack on foreign markets. It is inconceivable that this can be done by the old individual and haphazard methods. Concerted action of the most forceful kind will be necessary, and it is the duty of the British traders to consider what form that action should take. One or two practical courses recommend themselves. In the first place, co-operative advertising of British goods could not fail to be impressive. The foreign buyer should be told in general terms the advantages of dealing with this country. Advertisement is generally the deciding factor in the competition of equal forces. We must see to it that our national advertising appropriation is not cut down. Every trader in a certain market should be prepared to spend some part of his advertising grant in general advertisement of British goods.

By co-operation much could be done to secure a more detailed knowledge of the conditions and requirements of foreign markets. It might very well be worth the while of a group of firms to share the services of a special commissioner who would keep constantly in touch with local conditions and make regular reports. Such an arrangement need not necessarily overlap the activities of the Consular Service. It would certainly ensure a far more intimate relationship between trader and consumer than is possible through the medium of an ordinary agency.

Groups of traders engaged in similar but not identical lines of business might very well join together for the cultivation of particular markets. In many cases it would be worth their while to share the expenses of travellers and catalogues. There are many trades so closely connected that the traveller engaged in pushing a particular line would have countless opportunities of introducing articles lying outside, but closely related to it. In the case of markets seriously threatened by foreign competition, it would even be worth while for firms whose production overlapped to agree among themselves as to the particular lines which each could push most effectively, dropping competition amongst themselves in

order to combine against foreign rivals. In all these matters big Associations of Exporters could render invaluable service in co-ordinating the efforts of individual firms.

Concerted action along these lines would make it possible at intervals to hold fairs and exhibitions of British goods in foreign markets. It would give opportunities of many kinds for pushing our manufactures with more vigour than is possible under the present system. When every ounce of energy is needed to maintain our commercial prosperity, it is no time to waste strength in competition with other British interests. Rather should all our efforts be united for the promotion of our common welfare.

III

INVESTIGATION ON THE SPOT

IN the past, British business men have been too inclined to adopt the "live and let live" principle with regard to their foreign trade. It is not too much to assume that those easy days are over when we could afford to neglect to some extent the growing competition of our commercial rivals. We are approaching sterner times. Money will no longer be made with the same ease, and we shall no longer be able to rely on our national traditions of excellence and quality, and those few monopolies which we have retained. In the future we shall be obliged to use every weapon of business competition, to fight for supremacy with every ounce of energy and initiative that we can muster. It is true that trade is not a fixed quantity, so that an increase in the share of one trader or trading nation implies a corresponding reduction in that of another. But it is a question of securing our fair share of the development which is continually taking place.

And it must be remembered that to a trading community prestige represents what goodwill represents to an individual firm. The nation whose trade figures show no increase will always be in danger of seeing them diminish.

This is not the time nor the place to rake up that grim array of traditional faults and failings which have so often, and with some justification, been levelled at the British business man. The average business man is sick and tired of being told of his faults. He knows them, and it is certain that the war, with all the difficulties which it has brought in its train, has strengthened his resolve to remedy them. In justice to ourselves it must be noticed that in the past our business failings have mattered materially very little to us. We have been in the position of a man with £5000 a year in gilt-edged securities who refuses to put his money out at greater interest because he has enough, and for no better or worse reason.

The fault of the past is that as a nation we have been content to take for granted the conditions of our foreign markets. Many business men have traded all their lives with countries which they have never visited, and have been satisfied at most by sending an occasional traveller to gather orders. This neglect to

study markets on the spot has been responsible more than anything else for the bad reputation which, as a nation, we have earned for supplying customers overseas with goods which we have to sell rather than with the goods which they wish to buy. It is obviously ridiculous to suppose that our foreign trade will not suffer materially if our exporters have no deeper knowledge of the idiosyncrasies of their overseas buyers than can be gained in a London or Manchester warehouse.

It may be argued that by studying Consular Reports, and by tapping those many sources of information which are available to the business man, he may avoid the trouble and expense involved in visiting far-distant countries. But such an argument is, in truth, the feeblest excuse, for while Consular Reports and the excellent publications of our Chambers of Commerce may provide statistics and other valuable information, they can never ensure that personal relation between the trader and the consumer which is the whole secret of successful commerce.

One is told that in a certain negro settlement on the coast of Africa the natives had a particular affection for inferior enamel saucepans. These were brought to them originally by cheapjack German drummers, and were the

first to replace their native implements. The local British Consul, with unusual acumen, discovered this new demand that had arisen among the black population of this district. He sent word back, with the result that one or two enterprising British firms stepped into the market. But the saucepans they submitted were altogether of a better quality, stronger and more durable, and the natives would have none of them.

The story may be apocryphal, but it is the counterpart of a hundred others which any man who has studied the details of our foreign trade can reproduce out of his own experience. There are some trades which might prove, on investigation, to be not worth the labour and expense required to capture them, or to be undesirable for other reasons. But it must be remembered that those who cater successfully for a market when it is poor, are the most likely to retain its trade when it has increased in purchasing power. Business has been lost to this country times out of number by the tardiness of our business men in going themselves to see precisely the nature of the goods required in a particular district. Every market in the world has special requirements, which can only be met by close study. That study our German rivals have given unremittingly in

the past, and that study we must ourselves be prepared to give in the future.

The grand tour has to some extent passed out of date as the finishing touch to the education of rich young men. It would be well if it were revived for those sons of the heads of businesses who will eventually succeed to them in management, in order that they may acquire a personal knowledge of conditions in other countries than their own, and thereby equip themselves for the coming task of extended activity and achievement. When this method cannot be followed, the co-operation of groups of firms, or the activities of a big trade association, will render possible the appointment of a special commissioner, as suggested in the preceding article.

It is not merely a question of the style of goods which are in request. Terms of payment and credit, the most effective method of publicity, the business habits of the people, are all matters to be carefully studied. Methods of packing must be considered in connection with transport facilities and Customs regulations. A knowledge of the resources and characteristics of the principal importers and of the business habits of the people is invaluable. While information on many of these points may be obtained from Consular Reports and

other sources, there are others which require personal investigation on the spot to bring out their full significance, and in all cases this method is to be preferred where practicable.

There can be little doubt that the effort required for more thorough investigation of market conditions on these lines would be repaid by a very appreciable percentage addition to the figures of our export trade, and by a far greater security against the attacks of competitors.

IV

STARVING GOODWILL

THE dominating principle of publicity is the greatest appeal to the greatest number. So general a statement may seem unreliable in those cases where, owing to the very nature of the goods to be sold, a small or specialised public is to be approached. But, even so, the aim of the business man is to attack the greatest number of his given public, and to make his appeal as trenchant and convincing as he possibly can.

The contention may appear a platitude. It is, however, worth restating for the very reason that it is often lost sight of. The business man who counts on his goodwill, his old-established reputation, his familiar shop-front, the tradition of his firm for excellence in a certain line, and sets these and similar business assets against the great powers of printed publicity, is the victim of a very grave illusion.

The point is worth illustrating. The owner of a famous or historic shop may very easily slip into the belief that the name and attributes of his firm are known to a sufficient number of people to relieve him of the necessity of advertising. It is equally easy for the owner of an historic shop-front to assume that the display of his goods therein is sufficient indication to the public of the quality and extent of his trade. The one may argue: "Every possible customer knows of the supremacy of our firm in the matter of butchering, or baking, or candlestick-making. We have been supreme since the eighteenth century. We are known everywhere. What is the value of advertisement to us?" And the other may say: "Look at the crowds of interested men and women who linger at our shop-front every day! Do we need a better advertisement?"

The whole problem is one of arithmetic, and the failure of these arguments is the failure to multiply correctly. Without belittling the invaluable business assets of goodwill or attractive window displays, it is palpably absurd to compare them as business magnets with an effective publicity campaign in the Press.

The value of "goodwill" is often very deceptive. It is unnecessary to repeat the

many well-known stories of famous firms who, thinking to run on their goodwill, have reduced their advertising appropriations, with immediately disastrous results. Even the best known firms and institutions in the country are known to a relatively small number of the public. It will generally be found that those firms which rely on the traditions and goodwill of a hundred years' trading are much in the same condition as to profits that they were a hundred years ago. It is not always that they even maintain this position, for "out of sight, out of mind" is a very sound business maxim, and the firm which has dropped out of the advertisement columns is widely supposed to have dropped out of business.

The greatest appeal to the greatest number is not made by draping a window effectively, for only a fraction of possible purchasers pass that window in a given year. Even in the most localised trades it would be dangerous to adopt the principle that the firm could rely solely on factors such as striking buildings, position, or window arrangement to attract an increasing number of customers.

The circulation of a leading newspaper represents a potential public far greater than studies the contents of any window. The advertising of special articles, with illustrations,

in the columns of a great newspaper has been picturesquely described as extending the window frontage of the shop that offers them.

Don't starve goodwill. Feed it with advertising.

V

THE IDEAL ADVERTISING MANAGER

THERE are some London businesses we know where the advertising manager is cooped away in a little back room, with the half-services of a clerk for staff, and a rigid rein on his activities. He is regarded as a spender, and the departmental chiefs eye him suspiciously as one who will plaster a debit on their figures if he is not closely watched.

Where this state of affairs exists, it can be said at once that it is mostly the fault of the advertising manager himself. He is either not big enough to convince his colleagues of the business-building power of advertising, or he is inept in his specialised work.

There are many other businesses, however, where the advertising manager is regarded as a vital factor in the success of the firm, and is given a very free hand in his department. What qualities of mind does he specially need to bring his work to its maximum value?

It is generally thought that he should be

essentially a "creator"—a man who has the happy knack of evolving "bright ideas." I venture to query this conception of the ideal advertising manager. I think he should be a judge rather than a creator. Where he has many departments to draw upon for his material, suggestions in abundance are likely to be poured in upon him. From outside, also, strangers will send him ideas for original (mostly for freakish) advertisements; artists will be only too glad to submit sketches; advertising agencies and newspaper offices will eagerly supply him with "special schemes."

He should have the critical faculty highly developed—or he should endeavour to develop it. He should be open-minded and ready to appreciate the good in the suggestions of others, as well as to condemn the inept and the freakish.

This is not a common type of mind. It requires a big man to take up enthusiastically and wholeheartedly ideas which are not his own.

The ideal man for the post should combine the spirit of caution with the temperament of the plunger. This sounds contradictory. It is not so in reality.

Advertising is no cut-and-dried affair—no matter of rule and rote. Its principles are

only becoming understood. No expert can say definitely that such-and-such a scheme will prove absolutely successful in practical operation. Given a groundwork of general principles of business psychology, the advertising man has to try out an idea cautiously, feeling his way until his scheme is shaped and reshaped to fit the lock of the public's approval. Then he should have the temperament to plunge.

Most of the business fortunes made through advertising have been built up on these lines. Caution is needed in the initial stages, but once the right scheme has been evolved it should be backed unhesitatingly.

Advertising is "bread upon the waters." The ideal advertising manager studies the currents with minute care ; then sends out his freight boldly and decisively.

VI

MODERN RETAIL "SERVICE"

EVERY now and again there arises a magic word which portends possibilities in business. At one time it was "intensive advertising"; then there came "scientific efficiency"; to-day the word which figures in the limelight is "service."

All three are old ideas under new names, but the special value of a new name is that it focuses attention on what it represents. Decidedly "service" is worth the close consideration of every business man, whether he employs thousands in factory or store, or himself hands goods across the counter.

The big London stores pay exceptional attention to "service." Here are a few of the ways in which the idea takes practical shape.

It begins with the telephone operator at the private branch exchange. She is taught to say at once on answering a call, "Blank's," instead of the time-wasting "Hullo! Who are you? . . . Yes, this is Blank's."

That rule should be universal in every business office, but remarkably few (in London, at all events) adopt it.

Nor does she neglect to say, "I'll put you through. Hold the line, please," when switching the caller on to the department required. This obviously saves uncertainties and sweetens temper. "Service," in brief, means making the customer happy.

To the customer entering a shop, the first act of "service" is a pleasant smile on the part of the assistant towards whom the shopper directs her steps. The shopwalker, who was a time-waster, is rapidly being abolished. Servility on the part of the assistant is also fast disappearing. "Service" has nothing to do with servility.

To the customer leaving a shop the last act of "service" is the placing of the purchase in a neat bag or folding-box or holder, such as a lady can carry about with a sense of comfort.

In between, the varieties of "service" are practically illimitable. Cleanliness is one very important factor. Everyone appreciates cleanliness. Everyone likes to feel that the goods bought are dust-free and germ-free.

In the provision department of a certain West End store you will notice that every item

of cut meat and poultry is placed on a dish or on a paper d'oyley, and that forks and scoops are plentifully provided for the handling of them. You will observe that the assistants avoid touching them with the hands as far as practicable. They are instructed to this effect.

In the provisions, sweets, and drugs the assistants wear spotless white overalls. The shop rule is that overalls are to be changed at the linen-room immediately they show signs of being soiled. No restriction is placed on the frequency of changing.

In the States it is the growing custom to sell tooth-brushes, combs, handkerchiefs, and other articles of personal use in sealed covers.

Orderliness is another factor of "service." If goods are so arranged on counters or in drawers that they can be fetched quickly and without hesitation, the customer feels that his or her time is being studied. A quick bill and cash system is part of the same line of thought. Customers do not want lengthy bills made out for small items, nor do they like to go in search of a cash desk if this waste movement can be avoided.

Orderliness avoids bad feeling in regard to defective goods. If an article on delivery at the house is stated to be broken or defective, or not up to expectations, the vanman (or van-

girl) is instructed to present a special form on which the customer notes her complaint. This form enables the firm to trace the trouble to its root.

"The customer is always right," is an axiom of "service" held by many progressive houses. Even if a shopper were to claim untruthfully that an article had been delivered broken, the assistants are to accept her word without question or cavil. The thought is this: If she is right, we certainly must change it; and if she is making a false statement, her conscience will prick her, and in order to ease it she will recommend us to her friends.

One might easily expand the details of modern retail "service" — or for that matter, of wholesale and manufacturing "service"—to several pages. Perhaps the above will be sufficiently suggestive. "Service" is no new idea, but it is valuable to think of it as a definite department of business-building.

VII

THE MAGNETIC WINDOW

SHOP-WINDOW displays were introduced for the purpose of assisting the sale of merchandise. This is a fact so obvious that few will imagine it is necessary to set it down here. But one need only make a tour of the principal streets of London to discover that the fundamental principle of window display is at fault. There are, indeed, several windows which stand out from the crowd; but these are brilliant exceptions. In general there is very little to show that the dressing of the window has been made the subject of independent thought. Take the average shoe shop, glove shop, hat shop, tobacco shop, or any of the general merchandise shops in London. The scheme of display is a slavish following of a style set by our forefathers: that of making the window an index of the contents of the store.

Let us first see why this policy is wrong. The primitive idea of barter was founded upon

the exchange of something essentially in demand for something else equally in demand. The initial purpose of salesmanship is to create demand. Salesmanship is not merely concerned with supplying what people know they want. To create demand it is necessary to attract attention by emphasising some commodity or service. Emphasis is obtained by judicious isolation or by contrast. A window that is in itself an inventory of a stock in species cannot be emphatic.

Every woman knows that she can buy gloves at any draper's shop, and if she wants merely gloves she goes to the draper's shop for them. This is simply the outcome of satisfying a conscious need. The demand is already present. To satisfy it needs no salesmanship. In salesmanship an additional demand is created; the individual is made to feel a need.

Window displays of the index type do not concentrate the attention of the public, because their effect is confusing. There is no point at which the claim for attention is emphatic enough to fix it and to hold it. In the salesmanship window gloves would be featured and nothing but gloves. And amongst the gloves some style or type would be strongly emphasised. The woman looking at the display would see styles that appealed to her, some-

thing that would set her longing, irrespective of her actual needs.

It is often said by the general merchandise retailer that a specialised display cannot be profitably employed by him. This is a statement entirely contrary to the experience of those who use it. The shopkeeper alert for more business will find the specialising scheme one which will yield an ample reward for the extra trouble it involves.

Take, for example, a tobacconist—the worst offender. Almost every tobacconist adopts a scheme which leads to bewilderment. Every available inch of plate-glass is utilised in the effort to display all his wares. If, instead, the tobacconist were to display only one brand of cigarettes or tobacco at a time, the whole attention of the public would be centred on this special line. Attractively packed tobacco would appeal to the jaded palate of the pipe-smoker and he would experiment. If, on the other hand, the pipe-smoker was resolutely attached to some particular brand, he would still enter the shop if only to buy his own brand. After a few days (a week at most) the tobacconist would change his display and tempt the cigarette-smoker—an easier prey for a new blend than the pipe-smoker.

In no specialised display is it necessary to

load the window. Frequently it is better to centre the interest on one special and single article. A year or two ago a well-known firm of hatters introduced a new pattern straw hat. They featured this new pattern in this way. The whole of the surrounds and bed of the window were draped in black velvet. On a dais in the centre of the window one white straw hat was displayed. The effect was remarkable. The attention was arrested and held by this cleverly isolated point of interest. The male public were instantly attracted, interested, and induced to buy.

The strong point of the specialised window is that it is magnetic ; it attracts by its singularity, it interests by its unusualness, it influences by its emphasis. The shop window which exhibits signs of lively activity by continuously featuring and changing its specialised displays must stand out distinct from its drowsy competitor. Such a shop window is constantly engaged in creating a good impression and in earning goodwill.

The window which is utilised to attract, to interest, and to create demand is fulfilling its proper function as a forceful trade-creating medium. The window which is allowed to stagnate in monotonous sameness is a lost opportunity. The shopkeeper desirous of in-

creasing his profit will do well to inspect the live windows of London and then take steps to get into line. He has the window, he has the goods. All that he needs is the application of ingenuity and enthusiasm in his window displays to effect a radical improvement in his business.

VIII

ILLUMINATION: THE LESSON OF THE STAGE FOR THE SHOP

IT is cause for astonishment that, whilst most matters relating to shop planning, designing, and fitting have undergone a remarkable change for the better, whilst the shop of to-day in many instances vies with the palace in sumptuousness, the science of effective lighting has received but scant attention, except in isolated cases.

The general idea seems to be that the only effective method of lighting a shop window is by a number of powerful arc lamps without and a number of exposed electric bulbs within the display enclosure. To the public the latter especially are a source of annoyance, because the intensity of light dazzles the eyes and makes any prolonged study of the windows difficult.

The moment the orders for the diminution of street and window lighting were issued, consequent upon war conditions, the London

shop window, hitherto an extravagant blaze of light, became a very sorry spectacle of dejection and gloom. But "necessity being the mother of invention," there are not now lacking indications of a serious effort to bring the method of shop lighting into line with the many improvements evident in other directions.

Probably the theatre affords the best demonstration of the application of scientific principles to lighting. The great intensity of contrast is there obtained by throwing the whole of the auditorium into darkness. The comparative brilliance of the stage is not due wholly to the intense volume of light, but to emphatic contrast. The darkened auditorium has the power of focusing the attention on the brightly-lighted stage area.

Here, then, are two points which find their parallel in the streets and shop windows. The streets by night form the darkened auditorium, and the display area of the shop window can become the stage, bright by isolation and magnetic by sheer contrast.

The one factor in all stage lighting which must impress every observant playgoer is the soft, even glow. There are no variations, no differentiating tone values. The lighting is just one mass of sheen, similar to bright sunlight. Every piece in the setting, every player

obtains a proper value. It is worth while investigating this problem of optics to see how its lesson may be applied to shop-window lighting.

Stage illumination is obtained by the direct method of lighting. In the "flies" and "wings" are rows of electric bulbs with metal reflectors behind them to throw the whole of the light upon the stage. The rays of these numerous lights intermingle and become as one light spreading outward and downward.

Again, at the foot of the proscenium are a row of lights which reduce the under-shadows to a proper proportion. The light here again intermingles with the downcast light, and thus avoids any contrast. None of these lights is directly perceptible, and there is no division of interest between the source of the illumination and the display. The optical secret of stage lighting is simple. Every light-ray is seen as a reflection proceeding from the display area. In these circumstances the multiplicity of the lights employed gives all the effect of diffusion. For the shop window this method would prove costly and unnecessarily brilliant except for very specialised displays.

But the principles which form the basis of stage illumination may be applied and adapted to shop-window lighting. And in the methods

outlined below the cost of installation and maintenance need not be unreasonably high. It must not be forgotten that the retailer's most distinctive advertisement is often his window. Any plan, therefore, which tends to make it produce more business is a sound and essential investment.

One suggested effectual method of lighting a floor-to-ceiling window in which the display area is occupied by a specialised setting, is by obscuring about 2 feet (or less) of the bottom of the window, and fixing behind this obscured portion a row of electric bulbs fitted in a metal reflector shaped something like an inverted L, tilted, to throw the light upward. The top portion of the window is draped, and a line of lamps arranged in a rectangular reflector set to cast the light downward.

By these means a very effective and somewhat puzzling illumination would be produced. It would be superior to any scheme of spot-lighting with isolated lights, because an even distribution of light is obtained. In the latter case there is alternating brightness and dimness.

But all windows will not permit of this innovation. When, either by reason of the limitation of the window space or the nature of the goods displayed, such a scheme is not

possible, a very effective illumination can be obtained by concealed lines of light along the top and down the sides of the window. If these lights are sunk into the window-framing the effect is even better.

Another equally effective method in an expansive display is by reflected light. In this case the lamps are provided with saucer-shaped reflectors, which cast the light upward to large porcelain or enamelled discs, these discs reflecting the light upon the window display. In this instance the light is softer, and more nearly approaches daylight in quality.

Yet another and even simpler method of illuminating is by means of top pendants provided with frosted lamps. The light is diffused, and casts a soft sheen on the display. But here there is less equality of illumination throughout.

The keynote, then, in successful illumination of shop-window displays is a hidden source of light, diffused rays, and equivalence of photometric values. As indicated here, these conditions are neither difficult to establish nor expensive to maintain. But the gain in efficiency of advertising is very considerable.

IX

THE LOCAL SHOP: HOW IT CAN HOLD ITS OWN

THE position of the local shopkeeper who finds that his customers are being drawn away from him by the attractions of the big stores is a very difficult one. It is not only that his stock is comparatively restricted and that his smaller scale of operations renders it difficult for him to offer equal bargains. Perhaps the greatest advantage which the stores possess is their capacity to make shopping agreeable. Their big windows and showrooms enable them to render a visit interesting and pleasurable in itself, apart from the purchases made. Their lunch and tea rooms and rest rooms convert a shopping expedition into a day's outing. Moreover, the capital at their disposal and the size of their turnover, enable them to pay for the services of experts, under whose direction publicity, window-dressing, and organisation are brought to a height of efficiency which it is difficult for the small business to approach.

There is no doubt that the big stores have come to stay, and they have conferred benefits upon the public which fully entitle them to their success. Nevertheless it is in many ways a pity for the local shopkeeper to be crowded out, or to be forced into amalgamation. There is often an atmosphere of pleasant personal relations about dealings with a local trader, proud of an old-established business and personally respected in his neighbourhood, which sometimes vanishes when he becomes merely the manager of a branch for some great establishment.

If the small trader is to survive, however, he must render his business efficient to the full extent of his possibilities. In too many cases, the offhand manners of the local shop compare unfavourably with the courtesy and attention received at the big stores. But the local tradesman's knowledge of his customers, and the personal supervision which he can give to his assistants, should enable him to ensure a prompt, smooth, and courteous service, and to make customers feel that their tastes and interests are being carefully consulted. And since he cannot compete with the establishments where everything is sold, he should train his staff to answer readily inquiries as to where articles which he does not stock can be bought

locally. In assisting his neighbours he will assist himself.

There is no reason why the windows of the local shop should not be attractively dressed. If the space available is small compared with that of the West End establishments, a good effect can still be obtained if they are not overcrowded in an effort to display everything at once. With frequent changes, and an emphasis upon one speciality at a time, even a small window can be made attractive.

For the larger local draper, a modest but dainty tea-room is a very paying investment. The knowledge that they can run in for a cup of tea or an ice on their way from the tennis courts, or that they can even procure a light midday meal when cooking is felt to be a nuisance, will bring in a great many people, and will do much to enlarge the circle of customers.

Since the small trader is not in a position to pay the salaries of a staff of experts, it would seem that there is room for a much greater employment of the consulting expert to run down periodically and advise on window-dressing, advertisement, the overhauling of equipment, and general business methods. Associations of local shopkeepers might co-operate for this purpose, and in any case the expense would be speedily repaid by the increased takings.

The small shopkeeper has at least this one advantage. He can personally supervise every department of his business. His success depends upon his own initiative and ability. If he will consent to profit by the example of his larger competitors and by the experience and knowledge of expert advisers, there is no reason why he should not hold his own.

X

FORM-LETTERS

THE form-letter is a valuable means for creating and developing business. But, like many other "business aids," it has been badly misused, largely through American influence. The Americans, as a nation, are differently constituted from the British. The Americans are democratic, a liberty-loving, liberty-taking people, who appreciate and practise frankness and freedom. Great Britain is a kingdom with its constitutional usages and class privileges. The British, as a race, are more staid, dignified, and aloof. Hence, the hail-fellow-well-met type of approach, whilst good form in America, does not suit the British temperament. It has been tried. The buying public, wholesale, retail, and consuming, has been inundated with the American-modelled form-letter. Form-letters have been advocated and applied to all sorts of business and all sorts of purposes. And form-letters, of the American type, have brought about their own destruction.

But, despite this error in application, the underlying principles are excellent.

First and foremost, a form-letter to be successful must be as unlike a "form" letter as it is possible to make it. The more closely the form-letter approaches a personal letter in style and matter the more valuable it will be; the more nearly it will effect its purpose. The letter which savours of formality fails in its purpose—as well use a printed circular, and be frank about it. The easiest way to effect this is by being natural, simple, direct. "Write as you would speak." This is the keynote. Imagine you have a prospective buyer before you—one who as nearly as possible embodies all the peculiarities typical of your class of buyers. Fix this fellow in your mind's eye, then put your case before him in easy, direct, telling phrases.

Obviously the first step in the actual construction of the letter is to outline the skeleton of the appeal. Note down each point in its order of sequence, so that the finished letter shall be logical and conclusive.

The next step is to clothe these points interestingly and convincingly, without formality or useless stereotyped phraseology. "Write as you would speak"—this must always be the key to style.

The salesman who is well versed in the art of selling, bases his selling talk on certain sequential steps. The argument will be found to progress in the following order :

(1) Win Attention. (3) Create Desire.

(2) Arouse Interest. (4) Persuade.

(5) Induce Action.

Each of these stages will be seen to have for its object the production in the mind of the customer of a mental state that finally leads to action on his part in the direction desired by the seller. There is no break in the series. There is an imperceptible passage from one mind process to another till the prospect becomes a buyer. All successful advertising uses these elementary psychological laws. The form-letter is really a glorified form of advertisement. It may be considered its apotheosis.

Going back to the key, "Write as you would speak," and taking the first point of the steps given below, it is evident that such a phrase as "We beg to enclose herewith our catalogue" is neither natural nor attention-winning. Compare this musty, time-honoured opening with the freshness of the following: "If you want to cut down your haulage costs, turn to page 9 in this catalogue." The formal uncommunicative phrasing of the first opening

has very little mental effect. There is no desire to continue the perusal of the letter. The second opening stirs the mind of the man who gets it, because he is vitally interested in haulage economy, and he will read the letter through.

Too much emphasis cannot be brought to bear on the importance of focusing the attention on the buyer's personal viewpoint. Use only those arguments which interest him. Sink self and the visible selling element. Your purpose is to make him a buyer. This is not quite the same thing as "selling," though it looks like it. In selling there is usually consciousness on the part of the other party that he has been made to do something. In making your man a buyer you leave him with the impression that he it is who has desired the article. He believes that the initiative has been with himself. He regards himself as the active element and you as the passive one.

One might suggest that there are three stages or phases in business on the part of the seller. The first and unfortunately the most normal is the neutral attitude of the order-taker—the man who is there just to serve the customer with what is asked for. The second is that of the salesman who is aggressively active, and not infrequently arouses irritation

and resistance on the buyer's part. The third is the super-salesman. His success rests upon his capacity to excite in the mind of the customer the feelings and desires that force him to buy while thinking he is not even being led.

The successful form-letter writer is he who knows his public, knows their needs, knows their tastes and their prejudices. The only way to secure this knowledge is by close association with the class of people to whom the appeal is made. With this knowledge it is easy to connect their needs with your product.

Naturalness, an intelligent application of the commodity to the prospective buyer's needs, and a logical unfolding of the proposition are the main essentials in the form-letter. If used as suggested above these qualifications will often promote the form-letter to the position of your best super-salesman.

XI

THE RESPONSIBILITY OF THE PURCHASER

VERY few purchasers can resist the attraction of cheapness. To secure "a bargain"—that is, to buy an article at a price below its value, is generally regarded as a triumph for the buyer. By many people this principle is carried so far that they think much more of buying at a low price than of getting value for their money. Even of those who exercise a wiser economy, only a very small percentage ever give a thought to the effect of their purchase on anyone but themselves.

Yet a little reflection will show that the purchaser has a certain responsibility to the trade of the country, and that the exaltation of "cheapness" as the only criterion is not only shortsighted from the purchaser's own point of view, but involves a serious injustice to the better class of traders and to the workers employed in production.

The sale of goods at an abnormally low figure generally means one of three things:

that the goods are of indifferent quality and will not last; that the worker has been sweated; or that prices are being recklessly cut for competitive purposes.

From the purchaser's point of view the first of these cases is the most important. The showy, badly made article, which looks well at a casual glance, but reveals defects in use or wears out quickly, is not really economical, however low its price. It is better to buy good stuff which lasts than cheap stuff which must be continually renewed. Apart from this side of the question, the purchaser of shoddy material and badly constructed goods is doing a real disservice to the nation. The strength of British trade lies in the high quality and lasting wear of our goods. To buy showy, badly made lines which can be sold at ridiculous prices, is to encourage the cheap and nasty manufacturer, whether foreign or British, whose competition is the most dangerous threat to the standard of good workmanship.

It is the same with cheap imitations of hand-made goods. The man who passes over a piece of sound handwork—in furniture, for instance—which he can afford to buy, in favour of a cheap, machine-made imitation, is not only obtaining less value for his money; he is driving out the craftsman and lowering the

standard of design and originality in workmanship. If he cannot afford the more elaborate styles, it is better to buy a plain, unornamented article of sound workmanship, than to spend his money on a sham.

The question of sweated labour has been approached from many points of view; but while trade boards and other agencies may have scotched the evil, it can never be cured unless purchasers will consider the amount of work that has gone into an article, as well as its price. If it is clear that the price cannot possibly allow both for a reasonable profit and for the payment of fair wages, no consideration of cheapness should induce its purchase. It is both cruel to the worker and unjust to the honourable employer, who is unable to make the price because he pays fair wages for work done.

The question of cut-throat competition is more difficult. Free competition is the basis of commercial progress, and the trader who can offer an article at a lower price than his rivals because his business is better organised, or he has hit on a better process, is entitled to all the custom he can obtain. But we have seen many instances of prices being cut to a degree which puts all possibility of profit on one side, with the object of capturing the

market and then putting up prices to a higher level than before. It is generally good policy to beware of the man who sells you anything at a loss.

A buyer's neglect to consider these things generally arises simply from ignorance or want of thought. What is wanted is a very much more widespread knowledge of the processes of trade and manufacture. A purchaser who knows something of the conditions under which goods are produced and sold will not easily be taken in by specious imitations, and will consider rather the value which he is getting for his money than the actual figure paid. If his means are limited he will buy fewer articles, in order to ensure the good and lasting quality of what he buys. If it were clearly understood that a certain article could not be produced below a given price except by sweating the workers, the sweating employers would find themselves boycotted.

There would seem to be an opportunity for a big campaign for the education of purchasers. Co-operation between the Press and the big trading associations might do much to spread knowledge. Everything which tends to raise the general level of public taste in design and workmanship is a step in the right direction. Firms who are producing goods of sound

quality under good conditions might very well call more attention to the processes of their workshops, and even invite customers to see for themselves the making of their goods.

The first step, however, is to awaken the purchaser to a sense of responsibility. If he could be made to realise that every purchase is a transaction affecting not merely the buyer but the seller, the producer, the worker, and the general level of employment and standard of workmanship throughout the country, we should have a commercial revolution which would sweep away some of the most crying evils of modern business.

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